MODIMOLLE LOCAL MUNICIPALITY

ANNUAL REPORT 2009/10

MAYOR'S PREFACE

MAYOR: CLR K E LEKALAKALA

For the past 15 years the ANC led Government through the policies and manifesto has improve the life's of the communicates by providing basic services such as electricity, water sanitation and roads etc. to millions of people.

Although there are some challenges of water and sanitation at Vaalwater and Alma we want to record those achievements we have during these particular year 2009/2010.

During the budget speech 2009 we make commitment to allocate the budget as per the priorities of the communities which emanated from the IDP consultative forums. The budget was distributed as follows:

- 60% of the budget was allocated to Infrastructure Development to support provision of water and sanitation.
- 30% was allocated for Institutional Transformation
- 5% was allocated for Local Economic Development

- 5% enhancing public participation and good governance.

Firstly as a Mayor during my inauguration ceremony we provided the Jojo tanks to Leseding Community especially at public institutions to deal with a short term measures although there are some long term measures although there are some long term measures.

We have been able to build roads in both Vaalwater, Leseding and Phagameng.

Based on the Co-Operative Governance Strategic objectives for municipality to receive clean audit by 2014 as a municipality we can proudly say that we have move from Adverse Opinion to Qualified report which shows the improvement based on having an Acting Municipal Manager and Acting Chief Financial Officer.

The municipality has developed a revenue enhancement strategy which has shown the great improvement in revenue collection. Although we have challenges in compilation indigent register progress on same has improve drastically.

The Municipality is committed to the give key priorities of the ANC as the ruling party which are as follows:

- Creation of decent work and sustainable livelihoods
- Education
- Health
- Rural development food security and land reform
- The fight against crime and corruption

I want to express my sincere appreciation to our taxpayers, business community and households who steadfastly adhered to paying their dues to the municipality.

Let me extend my appreciation also to the Executive Committee office of the Speaker, Chief Whip, Chairperson of Portfolio Committee, Councillors and Management for the excellent work and support to render service delivery.

Working together we can achieve more.

Thank you

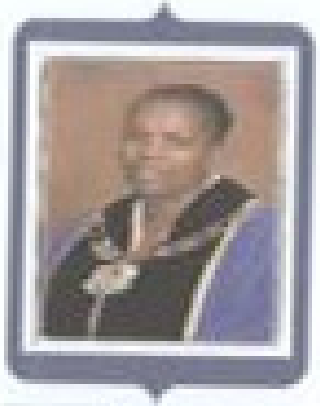
CLLR K E LEKALAKALA
MAYOR

1.2. Council, Committees and Management

1.2.1. Council

The Council consists of sixteen members, eleven of which are depicted below. The other five (5) serve on the Political Management Team (PMT) and Executive Committee (Exco) as indicated in the next subsections.

Executive and Council Committees



Mayor

Councillor: K.E Lekalakala

Councillor: S.R Sebolai

Councillor: W. Fourie

The Executive Committee was reshuffled during the year as follows:

- Councillor T T Mokapi was replaced as the Mayor and succeeded by Clr K E Lekalakala; and
- Councillor S A Sebolai was elected as Executive Committee member – W J Fourie was retained.

The new Executive Committee was constituted as follows:

- Clr K E Lekalakala - Mayor
- Clr W J Fourie - Member of Executive Committee and
- Clr S A Sebolai - Member of Executive Committee.

The Modimolle Local Municipality have established its portfolio committees in terms of Section 80 of the Local Government: Municipal Structure Act 117 of 1998. The Section 80 Committees render assistance to the Mayor as and when required. The numbers of committees are as follows:

- Representation Budget and Treasury (Finance) Committee - 5
- Infrastructure Development and Housing Committee (Technical Services) - 5
- Community Services (Social Services) - 5

The Portfolio Committees are structured as follows:

Portfolio Committee: Corporate Services

Clr W J Fourie	:	Chairperson: Legal & Administration
Clr M J Mashao	:	Chairperson: Human Resources
Clr S A Sebolai	:	Chairperson: IDP, LED & Land

Portfolio Budget, Treasury & Technical Services

Clr K E Lekalakala	:	Chairperson:
Clr W L Botes (Inr)	:	Budget & Treasury
Clr L van Aswegen	:	Rates, Taxes, Invoices & Expenditure
Clr M S Olifant	:	Housing and Infrastructure
Clr L Trichardt	:	Roads & Town Planning

Portfolio Committee: Social Services

Clr S A Sebolai	:	Chairperson
Clr M P Kekana	:	Health, Social Development and Environment
Clr R L Motshegoa	:	Youth, Sport, Arts and Culture
Clr R R Molekoa	:	Security and Community Policing Forum
Clr S R Monamyane	:	Gender & Disabled
Clr S D Sebelebele	:	Transport
Clr S F Kobe	:	Education

The Rules Committee is constituted in terms of Section 79 of the Local Government Municipal Structures Act of 1998 as follows:

Clr M P Kekana	:	Chairperson
Clr M S Motshegoa	:	Member
Clr M S Moima	:	Member

A new Councillor S F Kobe was elected into Council and holds the Education Portfolio.

Section 8(2) of the Local Municipal: Structures Act 117 of 1998 provides that a municipal council must meet to least quarterly.

The following Council meetings scheduled in terms of the above legislation took place as follows:

25 August 09	:	11 Councilors attended
12 November 09	:	10 Councilors attended (special council)
24 November 09	:	16 Councilors attended
7 December 09	:	14 Councilors attended (special council)
28 January 2010	:	16 Councilors attended
23 February 2010	:	15 Councilors attended
31 March 2010	:	14 Councilors attended
4 May 2010	:	14 councilors attended (special council)
25 May 2010	:	14 councilors attended
29 June 2010	:	meeting postponed

20 April 2010 (Postponed)	:	meeting postponed
27 July 2010	:	16 councillors attended

Council has elected to hold Executive Committee meetings monthly. A schedule was agreed to in terms of Council Item 8585/11/2009. This includes Special Executive Committee meetings to approve the draft budget and final budget. A total of 11 Executive Committee meetings were held with the exclusion of the December month.

The Section 80 Council Committees met as follows:

- Social Services - 2 meetings
- Corporate Services - 4 meetings
- Budget and Treasury and Technical - 11 meetings

The following Council's documents were reviewed in December 2008, namely the Rules of Orders and Delegations of Powers. The documents will further be reviewed annually from 2009/2010 financial year onwards.

1.2.4 SENIOR MANAGEMENT

Mr. K S Lekala
Municipal Manager

Mr. S. Botha
Acting Financial Officer

Mrs. E.M Radingwana
Manager
Technical Services

Mr. J. Selamolela
Manager
Social Services

Mr. K. Mokhanda
Acting Manager
Corporate Service

1.2.5 DIVISIONAL MANAGERS

Mr. M Lekalakala
Divisional Manager
ASSETS & SUPPLY CHAIN MANAGEMENT

B van Rooyen
Divisional Manager
BUDGET & REPORTING

Mr. Patrick Shilo
Divisional Manager
COMMUNICATION AND IT

Mr. T. Freyzen
Divisional Manager
HUMAN RESOURCE

Mr. W. Rekhamvu
Divisional Manager
SPORTS, ART AND CULTURE

Mr. M.E. Chokolo
Divisional Manager
WATER & SERVICES

Mr. D Maisetsi
Divisional Manager
HEAD OF INTERNAL

Mr. A.W Claasens
Divisional Manager
PROTECTION SERVICE

Mr. S Tema
Area Manager
MABATLANE

Ms Nanki Hoeane
Divisional Manager
LED, IDP, PMS

Mr. N Sikhwivhilu
Divisional Manager
PUBLIC WORKS

Mr. H Phogole
Divisional Manager
TOWN PLANNING

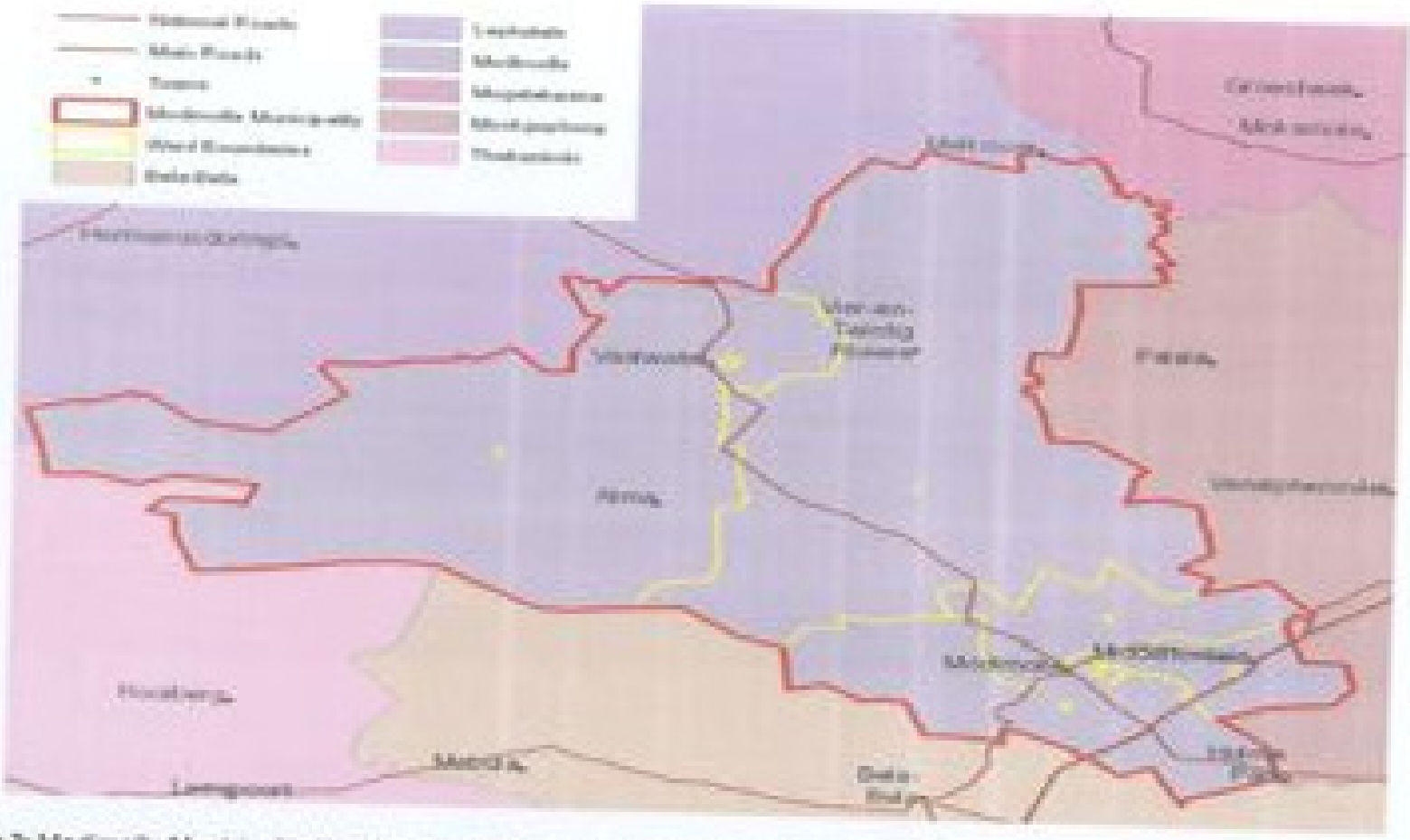
1.3. *Overview of the municipality*

Modimolle Local Municipality is a category B local municipality within the Waterberg District. The municipality is 6,227.9480 square meters in size with a total population of 52 605: Community Survey 2007 (72 000: STAT Census 2001). *see MAP*. It serves 48 707 households, with 29 231 staying in dwelling houses or brick structure on a separate stand, 19 150 households are in informal settlements or squatters, 190 staying in flat or back yard room, 156 are staying in flat in blocks of flats. Modimolle Local Municipality is strategically located, with the N1 passing through, connecting the Southern neighbouring province of Gauteng to the North in the province of Limpopo. It shares borders with all local municipalities within the Waterberg District Municipality.

The municipality is also located at a strategic position at the intersection of two provincial roads, R33 (connecting the East to West) and R101 (connecting the South to the North). This provides a business development opportunity of developing and marketing Modimolle as a distribution point to support vast growing development in Lephalale and Polokwane. Modimolle town in particular is more or less equal distance from two developed cities, Polokwane and Pretoria, and provides a cost reduction benefit in logistics should provincial and regional offices be located in Modimolle. *See Map:*

Map 1: Modimolle Local Municipality (Municipal Demarcation Board)

Modimolle has three towns namely, Modimolle town which is a provincial growth node, Vaalwater which is a municipal growth node and Alma which is a municipal service node. Modimolle is demarcated into 8 wards, mostly characterized by farms, townships and informal settlements.



Map 2: Modimolle Municipality Wards: Source (Municipal Demarcation Board)

1.4 Executive Summary

The municipality developed the following vision, mission and strategic objectives during the revised IDP process for 2008/09.

VISION

The gateway to Limpopo and the eco-tourism destination of choice

MISSION

To provide equitable first class services through efficient administration and good governance and promote as safe and healthy environment

REPORTS

Internal Audit Unit Annual Report

The Internal Audit Unit (IAU)is established in terms of section 165 of the Municipal Finance Management Act of 2003. The Unit is regulated and perform its functions according to the said MFMA section, International Standards for the Professional Practice of the Internal Auditing as well as the Audit Methodology which is approved by Council. The internal audit methodology includes the internal audit charter approved by Audit Committee, audit committee charter, audit policy, working papers as well as other information that is relevant to the Unit.

Risk assessment was conducted by the IAU and it was also approved by council. The three year strategic internal audit plan was developed and approved by Audit Committee based on the approved risk assessment.

Seven audits were performed during the year under review against what was initially planned. The reason for under performance is mainly attributed to limited human resource as well as vacancies of both the Head Internal Audit as well as Internal Auditor that existed during the financial year and took long to be filled. However, Head Internal Audit position was filled in January 2010, while Internal Auditor was appointed in May 2010.

The IAU had two interns during the financial year funded through Finance Management Grand. However, one intern was taken in as an Internal Auditor towards the financial year end. Currently, there is one vacant internship position which will be filled shortly.

Audit Committee was established in terms of section 166 of the MFMA and was also functional during the financial year under review. The committee is composed of the Chairperson, who is not in the employ of the municipality, the Municipal manager as well as two members who are also not in the employ of the Municipality.

Amongst the challenges that were experienced in the previous years and early in the financial year under review was reluctance and negative attitude from both staff and management in cooperating with both the internal and external auditors (Auditor General). Reasons advanced to this phenomenon which is common in audit services at almost every municipality in the country were and always have been that: Auditors are spies, mistrust emanating from lack of understanding value which the audit can bring, want authorities to expel me, and so on.

However, for the first time in many years, this phenomenon plummeted as compared to previous years. This was mainly due two workshops that were conducted by the IAU during the financial year, as well as the tone that was set by management at the top of not taking any reservation on non-cooperation with audits services.

This swift change also resulted in a qualified audit opinion by the Auditor General who also commended management about it. However, more work still need to be done in order to root out completely negative attitude and reluctance from other remaining staff members who are still harbouring this negative attitude.

COMMUNICATION

- Communication still plays the major role in impressing the relationship between the municipality and also stakeholders
- The purpose of the division is to provide the municipality with a comprehensive communication and marketing system to facilitate the participation of all officials and members of the community in good governance and economic development through sound communication inventions.

Municipal programmes

The council have raised that communication strategy was not link to municipal progammes. The strategies workshop that we had has assisted in the alignment of programmes of the municipality.

Mayoral Programmes

All programmers where done with good community attendance both Local, District, Provincial and National.

Communication Strategy

The draft communication strategy was adopted by the council; parts of communication strategy are already being implemented in order to test its applicability in the unique context of the municipality.

Website

During the period under review the municipality has been able to update and including more information on the web site in terms of legislative requirements.

Special programmes

Due to the shortage of staff, special programmes are highly affected as much attention given to all activities from the Office of the Mayor. Programmes are organized as per the government communication cycle.

News letter

The division has been able to launch the newsletter (Re Botse Ditaba). Two edition of the newsletter was circulated to the community and sector department

Telephone

The telephone system installed in the main building which is a (Budget Control System is very efficient). The satellite office of the municipal does not have the budget control system however strict measures and monitoring is put in place to control system service provider : Northern Telecom are the once responsibility for maintenance and installation.

Cell phone

The number of cell phones used in the municipality increased to 61 lines and 20 premmy Cells (routers) financial year increasing efficiency in communication especially for standby staff working after

Service Provider

- MTN
- VODACOM
- NASHUA MOBILE

Information Technology

The IT Officer which was appointed in the current financial year is responsible for IT Section. The section is currently using the service of the two learners who assist in the section.

Then new computer programs were deployed and implemented, listed below:

- ISS – Supply Chain System
- Symantec - Antivirus and Antispyware
- SQL server 2005- manages database of the systems
- Symantec Backup exec – manages systems and data backup.
- UBUNTU – manages proxy server
- Pay Day – manages payroll and HR.

Policies

- I.T Policy draft – not yet adopted
- Backup policy draft - not yet adopted

Strategy

IMST developed in 2008 not reviewed.

Challenges

- No enough budget for IT section
- Old IT equipment (Desktops, notebooks, printers)
- IT risk and control framework
- No defined Contour application SLA
- No Security requirement, defined continuity planning.
- Security definitions not included in SITA.
- No submission of performance management of SLA.
- IT Policy not updated.
- IT organizational not approved
- No firewall that protects the applications from malicious attacks.
- No Patch management policy.
- User account management procedures not yet developed
- No System administrator for Business applications.
- No Policies which cover environmental controls.
- approved change management policy
- No Policies which cover environmental controls, e.g. eating/drinking and smoking in computer rooms.
- No Datacenter security e.g (smoke detectors, fire suppression system, fire extinguishers and humidity/temperature control.

- Lack of capacity planning might result to loss of opportunities and infrastructure.
- There was no formally documented and tested Business Continuity Plan and Disaster Recovery Plan.
- IT acquisition policy was not yet developed

Current Business applications running

- FINSTEL - Finance
- Pay Day – HR &Payroll
- ISS – Supply Chain
- Mun Admin – Administration
- Baud – Asset
- Traffman – ticketing
- TOPAZ – Telecommunication
- Contour –Electricity

Website

Website currently updated with the latest Municipality information e. g Tenders, Notices, and vacancies.

TOWN PLANNING

1. APPLICATION FOR LAND

APPLICATION RECEIVED	APPLICATION PROCESSESED	BACKLOG
290	137	153

2 FORMULATION OF POLICIES

1. Policy for special consent — Promulgated and implemented
2. SDF — final Draft Stage
3. LUMs — final Draft =Stage

3. BUILDING CONTROL

APPLICATION RECEIVED	APPLICATION PROCESSESED	BACKLOG
184	127	57

4. HOUSING PROJECTS

1. Phagameng Ext 10:- 1168 Stand handed over to beneficiaries
2. Phagameng and the Extensions:- 300 Houses: - block Project

Public Works

Performance within the Public Works Division is highlighted below:

Storm Water and Drainage

The following achievements were made with regard to storm water and drainage:

- Storm Drainage next to the Modimolle Graveyard was upgraded.
- The catch pits in Modimolle Town was cleaned 600 diameter were installed At Mabaleng (3 Barrels).
- Damaged Pavers (Concrete slabs) were replaced in town as well as slabs on top of catch pits;
- Sidewalks were maintained;
- Storm water channel at Phagameng was cleaned and sprayed to avoid mosquitoes;
- Paving of Makila 300m , Venter and Maloba street was completed;

Tar Patch

The potholes which were identified on our tar roads were all attended to some of the streets that were done include Kerk, Bouhoff, President , Hospital , Harris , Camphor , Paul Kruger , Ollenhout , Joe Slovo , Lilian Ngoyi , Nelson Mandela , Thabo Mbeki , Zebra Park , Berger , Alfred Nzo , Allen , Neptune , Van Riebeck , Chris Hani , Thabo Mbeki , Steve Tshwete , Limpopo , Kerk , Paul Kruger , Van Reyneveld , Pretorius , Beckker , Collin , Van Niekerk , Elias Motswaledi and Vos.

Municipal Buildings

With regard to buildings, the following projects were completed:
Renovation of Water services Building at Commando
Painting Data Captures office
Painting wellness office

Building of electricity storeroom at commando
Renovation of RDP house at Lehodi Street at Modimolle (House no 3338)
Roofing of RDP house in Mabatlane
Minor repairs of locks at Sewer plant and Traffic station
Repair of gate at Traffic station
Mabaleng offices were renovated.

Roads signs and markings

Projects completed are:

- Modimolle Town roads were marked although not all streets was covered. Speed humps were also marked for proper visibility ; and
- Replacements of damaged road signs were done and the project is still continuing
- Mabatlane road was marked and speed humps were also marked.

Regravelling and blading

- Phomolong Extension 8 was gravelled during the financial year and part of Ext 7 was patched with gravel;
- Mabatlane Town was patched with gravel;
- Blading of streets in the whole of Modimolle were done on a daily basis and streets were maintained according to their maintenance frequency.

Speed humps

The speed humps were constructed at Ramathlodi, Elias Motswaledi, Masakaneng, Lillian Ngoyi street, Joe Slovo , Mohapi and Nyezi.
Dumping Site – Modimolle and Mabatlane.

The following dumping site and rehabilitation works were undertaken during the year under review:

- Maintenance of Modimolle and Mabatlane dumping sites was carried out although the municipality struggled with machine breakdowns;
- The rehabilitation of sites was done in both dumping sites and maintenance thereof;

Protection

- **Function :** **Public Safety**
- **Sub Function:** **Police(Traffic)**

Reporting Level	Detail	Total
Overview:	Includes police force, traffic (and parking) control and licensing	

Description	The traffic control and licensing functions of the Municipality are administered as follows and include: Traffic Control; Law Enforcement – speed measuring, roadblocks, other law enforcement activities. Escort duties – Funerals, Sport Events and Abnormal vehicles. Point duties Court attendance Fire Fighting Services. Registration and Licensing of Motor vehicles. The registration and licensing of old and new vehicles Update of motor vehicle records. Administration surrounding the introduction Of vehicles on the system. Testing of vehicles for roadworthiness Including testing of vehicles for fitness. Testing of Learner and Drivers Licenses Testing applicants for Learners Licenses Testing applicants for Drivers Licenses Administration surrounding Learner and Drivers Licenses – Eye tests, ordering of drivers license cards, re-ordering of drivers license cards, issue of learners licenses, issue of drivers licenses, issue of drivers license cards. Administration of Professional Driving Permits. All administration regarding the above mentioned such as filing, keeping of records, ect. These services are extended to include Mabatlane as well as Mabaleng . but as far as Law Enforcement are concerned it	556 1009 922

does not include the main roads passing through and from Mabatlane as those falls within the jurisdiction of the Limpopo Provincial Government.

The municipality has a mandate to ensure the safety of all road users in the Municipalities area of jurisdiction.

The strategic objectives of the function are to

- Reduce the number of accidents
- Reduce the number of unlicensed and unroadworthy vehicles
- Reduce the number of unlicensed drivers.

The key issues for 2009/10 are to:

- Increase Law Enforcement.
- Reduce Vehicle Accidents
- Increase the control of the flow of traffic
- Increase the services delivery level in the License section

Analysis of the Function: 1.	Number and cost to employer of all personnel associated with policing and traffic control: - Professional (Senior Management) - Field (Supervisors) - Office - Non – Professional - Temporary	 1 2 20 2 2	
2.	Total Number of call-outs Emergency Standard	73	
3.	Average response time to call-outs: - Emergency call-outs - Standard call-outs	10 min	
4.	Total number of targeted violations: traffic offences Total amount of fines issued Total amount of fines paid Total amount received out of Licensing activities.	1020	306 360.00 209 629.00 2 234 508.00
5.	Total number and type of emergencies leading to a loss of life or disaster	None	
6.	Type and number of grants and subsidies received.	None	None

7.	Total cost of function		R5 774 413

Key Performance Area	Performance During the Year, Performance Targets Against Actual Achieved and Plans to Improve Performance	Current	Target

Department: Electrical Engineering

Safety

A safety structure is in place, which is made up of representatives from all departments which include electricity department. Meetings are held every three months.

Personnel

It is difficult to find qualified technical staff. Highly experienced people are used to train other staff members, and student training (four students) is also in place. Management have arranged for staff training.

Restructuring of Electrical Industry (RED's)

MSA Section 78 process II is completed. Ring fencing finalized and work has been signed off. We now have to maintain ring fenced records infrastructure in good order.

Budget

The fact that the budget increase is lower than the inflation rate, had a negative influence on the performance of the department, especially with the high copper prices the cost of material, equipment and labour etc. also increased considerably.

Backlogs

We are busy with establishing of a township (350 houses) in Mabatlane Leveding Extension 3. After establishing these houses will be supplied with electricity. Other backlogs Extension 11, 300 houses. Extension 10, 1300 houses and Extension 4, 160 houses.

Service delivery

Phagameng Extension 9 is in final stage of completion. Department received complaints and all the reported complaints were dealt with successfully for the financial year 2009/2010.

Special projects

Usage at this moment is 16,8MVA; our transformer is capable of only 20MVA. We now start with upgrading to 40MVA.

Performance statistics

New single phase connections (Houses electrified)	49
New 3 phase connections (Business electrified)	7
Prepaid meters installed and activated	411
Erection of transformer stations	4

Transformer stations upgraded	1
Construction of high tension overhead lines	4000m
Mini substations upgraded	1
Construction of mini substations	3
Distribution kiosks erected	8
Streetlights replaced	63
Erection of new streetlights	33
Installation of high voltage cable	600m
Installation of low voltage cable	3020m
Replace existing underground cable	300m
Reported complaints	480
Fault locating	35
Meter tested	10

Inputs into the annual report for water services

Operations and Maintenance Water Services

Modimolle municipality operates a water treatment plant abstracting water from the Donkerpoort dam. This scheme supplies water to Modimolle town and Phagameng and we also import water from Magalies water board to augment the supply in Modimolle. Mabatlane and Mabaleng is supplied through the use of boreholes.

With regards to Waste Water Treatment, we have a treatment works in Modimolle which is in process of being under upgraded. Oxidation ponds in Mabatlane and we use pit latrines in Mabaleng.

We have a dedicated team of artisans, process controllers and assistants who make sure that we continuously serve our community with clean water at all times.

Achievements

- The Blue drop score improved from 19% to 39% and we are awaiting the green drop results.
- Connected 121 households into the main waste water line at Extension of extension 8 in Phagameng.
- Connected 12 households into the main waste water line at Extension 2 Mabatlane.
- Installed house hold water meters at Ext 10.
- Upgrade of the abattoir waste water main line through the assistance of the Department of Water Affairs.
- Cleaning of the reservoirs in Modimolle
- Cleaning f the Oxidation ponds in Mabatlane
- Bought the dip meter to measure borehole levels

Challenges

- Frequent pipes bursts due to ageing infrastructure which leads to overflows
- Shortage of skilled personnel
- No waste water treatment works in Mabaleng posing a health risk to the contamination of the ground water.
- Non-compliance to DWA regulations due to the discharge at both the waste water plant and the Oxidation ponds
- Shortage of water in Mabatlane
- Development of water services master plan due to lack of funds

CHAPTER 3: SOCIAL SERVICES ANNUAL REPORT 2009/10

09

COMMUNITY AND SOCIAL SERVICES ANNUAL REPORT
COMMUNITY SERVICES 2009/10

OVERVIEW OF THE DEPARTMENT

1 STRATEGIC FOCUS AREAS

The objectives and functions of the Manager: Social Services support the following strategic focus areas of the Department:

- Library, Arts & Cultural Services
- Parks, Sports, Cemeteries and Recreational Facilities
- Waste Management
- Registering Authority
- Road Safety and Traffic
- Disaster management and Fire Prevention

2 Waste Management

- Solid Waste Management remains a greatest challenge particularly in urban areas. This is mainly due to the economic status of the people as well as the population density. A lot of waste is generated. Due to past practices there has been a backlog of infrastructure to deal with waste management in townships of Phalaborwa, Mokgoloboto and Mookgophong. National Treasury indicated that 80% of the landfill sites do not have permits and are likely therefore to not comply with the various legislative requirements.
- To address this contractors where hired by the district to rehabilitate our dumping sites.
- One of the challenges faced by the municipality is the problem of illegal dumping particularly in Phalaborwa and Mokgoloboto.
- One of the causes of illegal dumping could be ascribed by lack of non-usage or non-availability of refuse bins/bags by households to the extent that rubbish is emptied at the nearest open-space.
- Other cause could be ascribed to ageing of resources against equipment and increase in expansion of the newly developed areas.
- To curb this problem we commenced with the provision of refuse bins to households. The main purpose is to get households to regularly use the refuse bins and their benefits.

- During 2009/10 financial year we had budget constraints and we could not procure any more containers, refuse bins for new extensions. The fact is that without the necessary infrastructure and equipments it will be difficult to manage waste.
- Cleansing – The cleansing of public streets, roads and other public spaces manually / mechanically
- Refuse Removal, refuse Dumps and Solid Waste disposal. The removal of any household or other waste and the disposal of such waste in an area, space or facility established for such purpose, and includes the provision, maintenance and control of any infrastructure or facility to ensure a clean and healthy environment for the inhabitants of the municipality

2.2 Objective

- The strategic objective of this function is effectively and timeously collection, removal and disposal off of all domestic waste as soon as possible to prevent any unhygienic conditions to human health
- Waste collection – waste is collected on a weekly basis at each household in the predetermined towns known as refuse areas – Modimolle Town, Phagameng, Mabatlane, and Matlabeng Township
- Townships Cleaning campaigns were launched in Phagameng, Matlabeng and Mabatlane during 2009 as an attempt to extend to keep our town clean
- Waste collection and removal at businesses is done daily or a week and, where necessary, and also in weekends

2.3 Expenses

- Waste removal is done with specified vehicles – refuse compactors
- Waste is collected and transported to the Waste Disposal Site on a daily basis
- Waste collected is disposed off at the landfill sites in Mabatlane and Modimolle and compacted and covered with soil on a daily basis

2.3 The key issues for 2009/10 are:

- To continue to provide an effective and efficient waste removal services
- To extend the service to rural areas as far and affordable as possible

3 MUNICIPAL PARKS, SPORT, CEMETERIES AND RECREATIONAL FACILITIES

- This division entails the provision, management and maintenance of any land, gardens or facilities set aside for recreation, sightseeing and/or tourism and include play grounds. The provision, management and/or control of any sport facility within the municipal area, the establishment, conduct and control of entertainment and recreation for the purposes of disposing of human remains serving the area of the local municipality only.
- We are having the following facilities stadium x 1, 9 x grounds, 4 x tennis courts, 1 x netball, 1 x bowling, 1 x wrestling hall, 2 x kraaibult tennis courts, 6 x cemeteries, 5 x community halls, 6 x parks

3.1 Objectives

- To provide sport and recreational facilities of 1.2 hectares for every 2000 residential units that will contribute to the recreational efforts of the local community and provide them with opportunities to actively

- A further important function of this division is the maintenance of parks like playground, management of these parks, and maintenance of all other public open places, sidewalks and trees.

3.2 Other major activities

- Eradication of alien trees & vegetation
- Installation & maintenance of irrigation systems
- Landscaping and garden layouts

4 Challenges

- To provide sport and recreational facilities at Makokong and Motsetlana where sports such as soccer and netball are played
- Lack of equipment and machinery
- Lack of land for new cemetery in Motsetlana and Makokong

5. DIVISION: LIBRARY, ART AND CULTURAL SERVICES

A. INDICATORS

- The overall objective is to educate and inform the public in general. The target was to ensure that 90% of Mvolwodle Municipality Population have access to books and information sources closer to their residence.

B. STRATEGIC FOCUS AREAS

1. Accessibility of library & information services
2. Infrastructure: Computerization of library service
3. Provision of library material
4. Development of competent library staff for quality service delivery
5. Monitoring and evaluation: monitor regularly the quality of service rendered

B.1.1 Accessibility of Library Services

Standard: There is an accessible library within reach of every community in Mvolwodle area.

Criteria

- All libraries offer their service free of charge
- There is a plan in place to ensure that libraries will be developed over a period of time
- All libraries are placed centrally within communities
- All existing libraries are accessible by road

B.1.2 Infrastructure

Standard: The size of library buildings are determined by the library material needs of all communities in Mvolwodle

- There are three libraries within the boundaries of the municipality - one in Mvolwodle town, one in Phegelong and one in Mvolwodlwe/Thaba Mbuko to service the communities in Mvolwodle Municipality

Criteria

- Enough shelves are provided to accommodate books
- Provincial Sport, Arts & culture has conducted research to determine the size of the community libraries in Mvolwodle Municipality

- The standard formula i.e. calculation by multiplying the population in 000's books per capita, is applied when determining library space.
- All libraries have an auditorium seating space.

8.1.3 Provision of library material

Standard: Sufficient books are provided to libraries to fulfill their educational, informational and recreational needs.

Criteria:

- Surveys for established needs are being conducted on an on-going basis
- A community profile is compiled on a regular basis to document library needs
- Sufficient magazines and new periodicals are supplied to libraries
- Relevant material is provided to libraries to cover all sectors of the population including material for children.

8.1.4 Service Delivery

Standard: Library staff members are committed to service delivery according to acceptable standards to optimal utilization of the service.

Criteria:

- Staff members are trained on a regular basis
- A library manual is available and is implemented at all libraries in Maokeng
- Staff training is done in accordance with the manual

8.1.5 Monitoring and Evaluation

Standard: The library service rendered and the utilization of books and other library material is monitored on an annual basis

Criteria:

- Monitoring is done by discussion and inspection
- Statistics regarding the use of the facilities and materials and materials are compiled and processed in order to address shortcomings and to take corrective measures.

9 STRATEGIC OBJECTIVE

9.1 Outcomes

- All libraries offer their service free of charge
- All libraries are placed centrally within communities
- All existing libraries are accessible by road
- 100 000 library users benefit from the information resources available at the libraries

Modimolle Local Municipality

Audit Committee Annual Report

DATE	:	**04 November 2010**
ENQ	:	**MPHALELE LE**
CONTACT	:	**076 586 5304**

The Honorable Speaker
The Modimolle Municipal Council
Private Bag X 1008
Modimolle
0510

SUBJECT: AUDIT COMMITTEE ANNUAL REPORT FOR THE MODIMOLLE LOCAL MUNICIPAL COUNCIL FOR THE FINANCIAL YEAR 2009/10

1. Introduction / Purpose

1.1. The purpose of this report is to provide an overview of the activities and challenges of the audit committee as well as the operations of the management and the internal audit unit for the financial year 2009/10.

2. Legal mandate

2.1. Section 166 (2) of Municipal Finance Management Act (MFMA), 56 of 2003, provides that an Audit Committee (AC) is an independent advisory body that must advice Municipal Council, political office-bearers, the Accounting officer, and Management staff of the Municipality on matters relating to its statutory functions;

2.2. Paragraph 2.5.8 of the Internal Audit Framework published by National Treasury, published in March 2009, provides for the annual report of the Audit Committee to include matters relating to items 3 through 9 of this report;

3. Audit Committee membership and its functions.

3.1. There were two Audit Committees during financial year 2009/10. The first was in office for the first ten months and the second for the last two months of the period under review.

Audit Committee from 01 July 2009 to 30 April 2010

No	Members	Designation	Number of meetings attended		
			Ordinary	Special	Total number
1.	Mateya JJH	Chairperson	0	2	2
2.	Mphahlele LE	Member	05	02	07
3.	Mahonga M	Member	05	02	07
4.	Lekala KS	Acting Municipal Manager	02	02	04

Audit Committee from 01 May 2010 to 30 June 2010

No	Members	Designation	Number of meetings attended		
			Ordinary	Special	Total number
1.	Mr. Mphahlele LE	Chairperson	01	01	02
2.	Mr. Ramalepe PS	Member	01	01	02
3.	Ms. Nkomo S	Member	01	01	02
4.	Mr. Lekala KS	Acting Municipal Manager	01	01	02

4. Adequacy and Effectiveness of Municipal Internal Control Systems

4.1. The Municipality has developed a substantial number of policies to guide its business processes, however, procedure manuals to give effect to those policies were not developed, hence the following have been observed:

a. Lack of clear procedures to execute business processes;

b. Lack of consensus amongst managers on implementation of policies e.g. Cheques are not signed timeously due to insufficient supporting documentations provided;

c. New staff members and/ or assignees finding it difficult to adapt due to lack of procedure manuals;
d. Lack of segregation of duties;
e. Lack of performance of monthly reconciliations;
f. Lack of follow-up on recommendations of the audit and possibly other Council committees; and
g. Inadequate IT equipments.

4.2. These factors have, no doubt, compromised the effectiveness of the internal control environment, hence inconsistencies which manifest themselves in the execution of similar responsibilities differently.

5. Municipal Risk areas of operations covered by Internal Audit (IA) and Auditor General (AG)

5.1. Assurance on the adequacy and effectiveness of the risk management processes could not be provided, due to the fact that the IA was responsible for the development and review of the risk management strategy and policy as well as conducting or facilitating the risk assessment of the municipality.

5.2. The following risk areas were covered by AC during the year under review. These risk areas were emanating from the reports submitted by IA and AG:

5.2.1. The reports of the IA covering risk areas of operation were the following:

a. Salary adjustment audit
b. Audit on performance results
c. Contract Management audit
d. Record management audit
e. Verification of calculation for reimbursement audit
f. Follow up report Audit Recovery Plan (ARP)
g. AG follow up audit

5.2.2. The risk areas covered by Auditor General were the following:

a. Property, plant and equipment;
b. Provisions;
c. Accounts receivable;
d. The organisational structure does not address areas of responsibility and lines of reporting to support effective control over financial reporting;

e. Management and staff are not assigned appropriate levels of authority and responsibility to facilitate control over financial reporting;
f. Human resource policies do not facilitate effective recruitment and training, disciplining and supervision of personnel;
g. Integrity and ethical values have not been developed and are not understood to set the standard for financial reporting;
h. The accounting authority does not exercise oversight responsibility over financial reporting and internal control;
i. Management's philosophy and operating style do not promote effective control over financial reporting;
j. The entity does not have individuals competent in financial reporting and related matters;
k. Management has not specified financial reporting objectives to enable the identification of risks to reliable financial reporting;
l. The entity does not identify risks to the achievement of financial reporting objectives;
m. The entity does not analyse the likelihood and impact of the risks identified;
n. The entity does not determine a risk strategy/action plan to manage identified risks;
o. The potential for material misstatement due to fraud is not considered;
p. There is inadequate segregation of duties to prevent fraudulent data and asset misappropriation;
q. General information technology controls have not been designed to maintain the integrity of the information system and the security of the data;
r. Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed;
s. Actions are not taken to address risks to the achievement of financial reporting objectives;
t. Control activities are not selected and developed to mitigate risks over financial reporting;
u. Policies and procedures related to financial reporting are not established and communicated;

v. Realistic targets are not set for financial performance measures, which are in turn not linked to an effective reward system;

w. Pertinent information is not identified and captured in a form and time frame to support financial reporting;

x. Information required to implement internal control is not available to personnel to enable internal control responsibilities;

y. Communications do not enable and support the understanding and execution of internal control processes and responsibilities by personnel;

z. Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial reporting;

aa. Neither reviews by internal audit or the audit committee nor self -assessments are evident;

bb. Internal control deficiencies are not identified and communicated in a timely manner to allow for corrective action to be taken;

6. Adequacy, reliability and accuracy of financial information provided by management.

6.1. Management presented their unaudited Annual Financial Statements (AFS) for financial year under review to the AC. AC made recommendations on changes to be made to those statements in order to improve the adequacy, accuracy, and reliability of the financial information provided.

6.2. Quarterly performance, deviation and contract management reports were not submitted to AC. This practice is inconsistent with good practice which requires that reports submitted to Council must contain comments from the relevant council committees. Further, it is inconsistent with the provisions of section 166 (2)(a)(i)(iv)(v) and (viii) of MFMA which state that " an audit committee ... must advice ... on matters relating to ....

(i) Internal financial control and internal audits;

(iv) The adequacy, reliability and accuracy of financial reporting and information;

(v) Performance management; and

(viii)Performance evaluation..."

6.3. These inconsistencies make it impossible for AC to significantly execute its legal mandate.

7. Accounting and auditing concerns raised by assurance providers (IA & AG)

Description	Assurance Provider	
	IA	AG
Accounting concerns	• None	• Calculation of provisions for doubtful debts and leave.
Auditing concerns	• Lack of policy in respect of records and management of inventories.	• Lack of clarity on the transfers of properties from Waterberg to Modimolle municipalities

8. Compliance with legal and regulatory provisions

8.1. In the financial year under review, AC is of the view that the municipality did not significantly comply with statutory obligations. This was observed through the following:

(a) Non-submission of quarterly performance reports by management;
(b) Failure by the IA to conduct audit of performance results quarterly;
(c) Failure by Performance Audit Committee to adjudicate on the results of the audited performance reports and advice the Executive Committee and council;
(d) Failure by the Executive Committee to table the quarterly performance reports to council.

8.2. As a consequence of the above, underperformance could not be detected timeously and corrected. This also meant that council is condoning and rewarding failure and underperformance of senior management by paying full remuneration for substandard work.

8.3. The table here below depicts how senior managers, governance and political structures of the Municipality performed in relation to compliance with legal and regulatory provisions.

Description	Meetings	Reporting	Policies	Procedure manual
Council	✓		✓	X
EXCO	✓	X	✓	X
Portfolio Committee		X	✓	X
Ward Committee			✓	X
Audit Committee	✓	X	✓	✓
Accounting officer	X	X	✓	X
Senior Managers	X	X	✓	X
Internal Audit				✓

✓ - Satisfactory
X - Not Satisfactory

9. Activities and effectiveness of internal audit unit

9.1. The IA is established in terms of section 165 of the Municipal Finance Management Act 53 of 2003. The Unit is regulated and performs its functions according to the said MFMA provisions, International Standards for the Professional Practice of the Internal Auditing as well as the Audit Methodology which is approved by Council. The IA methodology includes the internal audit charter, Audit Committee Charter, audit policy, working papers as well as other information that is relevant to the Unit;

9.2. During the year under review, the IA was independent and objective in performing its duties;

9.3. Risk assessment was conducted by the IA, and was approved by council. The three year strategic internal audit plan was based on the approved risk assessment and was approved by AC;

9.4. Seven audits were performed during the year under review against twelve planned. The reasons for under performance are mainly attributed to a vacancy that existed during the financial year under review, of Head IA, more time spent on coordination of audit recovery

plan and risk management strategy as well as ad hoc audits which were not on the annual risk based audit plan.

10. Audit Committee Challenges

10.1. Poor attendance of AC meetings by management resulting in:

a. Unproductive meetings making AC unable to advise council and political office-bearers timeously, on matters that have serious consequences on service delivery and governance. Further, making it impossible for AC to meet legislative requirements;

b. Fruitless and wasteful expenditure which manifests itself in the forms of sitting allowances, travelling allowances, documents preparation, postage, telephone, fax, catering costs, etc

c. Problem of quorum due to occasional absence of Municipal Manager from AC meetings.

10.2. Lack of feedback to AC on council resolutions emanating from AC recommendations, resulting in AC being unable to monitor progress of their implementation.

10.3. Poor planning of meetings by management resulting in clashes, and consequently, low priority being given to audit committee meetings.

10.4. Late submission of AC meeting packs by IA due to late responses from management on information requested by IA and AC;

10.5. Frequent postponement of audit committee meetings due to failure to submit information requested in time, leading to disruption of diaries of AC members;

10.6. Council should ensure that management respects AC meetings and that management puts a higher priority on AC work;

11. Recommendations

11.1. Consistent with observations made under item 4 above in this report, each department should develop at least three procedure manuals per quarter for its business processes.

11.2. Consistent with section 165 of the MFMA, management should refrain from assigning managerial responsibility to IA and a post of Risk officer be created and filled.

11.3. Council should resolve that any matter presented to it must contain comments from relevant council committees, including the AC, where that matter fall within the confines of the statutory functions of the AC as provided in Section 166 of the MFMA and Council directives;

11.4. Given the fact that from 2010/11, the AG will be expressing an audit opinion on performance and the annual performance report, the IA needs to be allocated one additional post to focus on performance and compliance audit;

11.5. The Municipal Manager should inform AC, in writing, about all Council resolutions at every first AC meeting after every sitting of Council, and inform AC on progress made in implementing those resolutions on a quarterly basis.

11.6. Council should ensure that the meeting of reporting obligations of the municipality are declared performance indicators.

LE MPHAHLELE
Audit Committee Chairperson

04 . 11 . 2010
DATE

CHAPTER 4:

AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

This chapter covers the audited annual financial statements and the audit report for 2009/10.

4.1. Report of the Acting Chief Financial Officer

The implementation of the MFMA and Standards of Generally Recognised Accounting Practice (GRAP) were key milestones in the local government budget and finance management reforms agenda. The municipality has implemented GRAP for the first time in 2008/09 using the exemptions allowed in Government Gazette 30013 of 29 June 2009.

Review of Operating Result

The 2009/10 budget of Modimolle Local Municipality was approved by the Council on 28 May 2009, and the adjustment budget was approved by the Council on 23 February 2010. Figures with regard to the budget included in this report relates to the adjustment budget.

Details of the 2009/10 operating results per department and a classification of revenue and expenditure are included in the Statement of Financial Performance and Annexure D.

The tables below highlight some of the financial results of the municipality during the year.

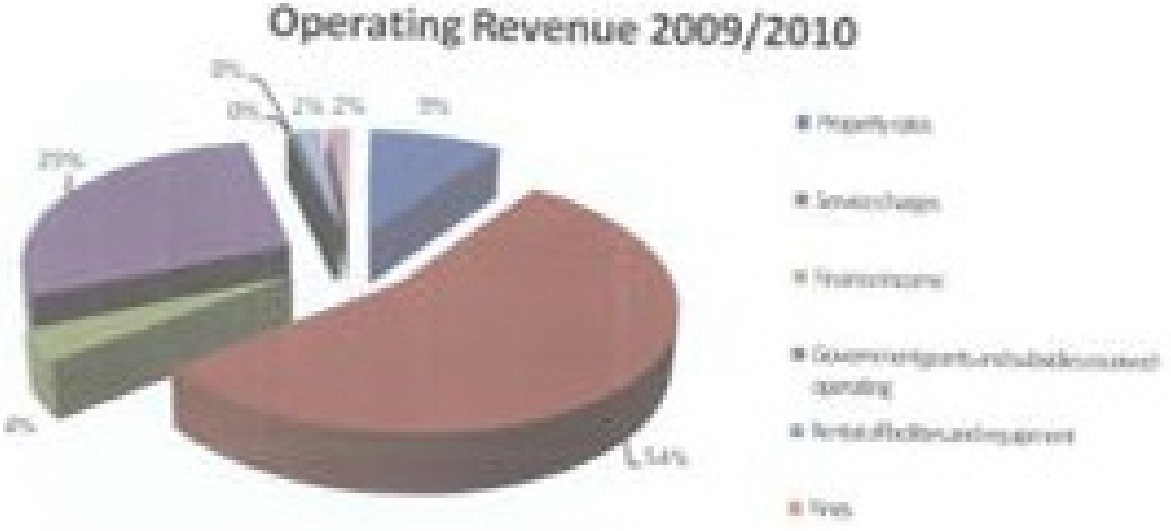
Table 1: Review of operating results (R'000)

	Budget 2009/10	Actual 2009/10	Variance actual vs budget	Actual 2008/09	Variace y-o-y
Income					
Operating income for the year	138 415	136 829	-1.2%	108 905	25.6%
Total Operating Income	138 415	136 829	-1.2%	108 905	25.6%
Expenditure					
Operating expenditure for the year	145 708	152 334	4.3%	108 963	39.8%
Total Operating expenditure	145 708	152 334	4.3%	108 963	39.8%
Loss on sale of assets	0	264	100.0%	3 535	-92.6%
Changes in fair value	0	0		79 774	
Surplus for the year	***-7 293***	***-15 759***	***53.7%***	***76 181***	***-120.7%***

Table 1 above shows that actual operating income for 2009/10 was 1.2 percent below the budget while the year-on-year actual income increased by 25.6 percent compared to 2008/09. Actual operating expenditure for 2009/10 increased by 4.3 percent compared to the budget.

Operating Revenue

The following graph indicates a breakdown of the categories of revenue:



The actual expenditure on remuneration expressed as a percentage of the total expenditure shows a significant decrease from 38% in 2008/09 to 29% in 2009/10.

Government Grants

Table 3: Conditional Grants

	1 July 2009 - 30 September 2009		1 October 2009 - 31 December 2009		1 January 2010 - 31 March 2010		1 April 2010 - 30 June 2010		Total	
	Receive	Expense	Receive	Expense	Receive	Expense	Receive	Expense	Receive	Expense
Financial Management Grant	2 750	668	-	579	-	803	-	424	2 750	1 975
Municipal Systems Improvement Grant	735	115	-	58	-	86	-	468	735	643
Municipal Infrastructure Grant	13 460	8 441	5 731	3 271	-	5 569	11 055	13 525	28 246	22 540

The municipality met 72% of the conditions of the financial management grant for 2009/10. The unspent amount increase from R580 091 in 2008/09 to R1.4 million in 2009/10.

The municipality met 84% of the conditions of the municipal systems improvement grant for 2009/10. The unspent amount increase from R110 514 in 2008/09 to R203 019 in 2009/10.

The municipality met 80% of the conditions of the municipal infrastructure grant for 2009/10. there was no unspent amount for 2008/09 this increase to R5.7 million in 2009/10.

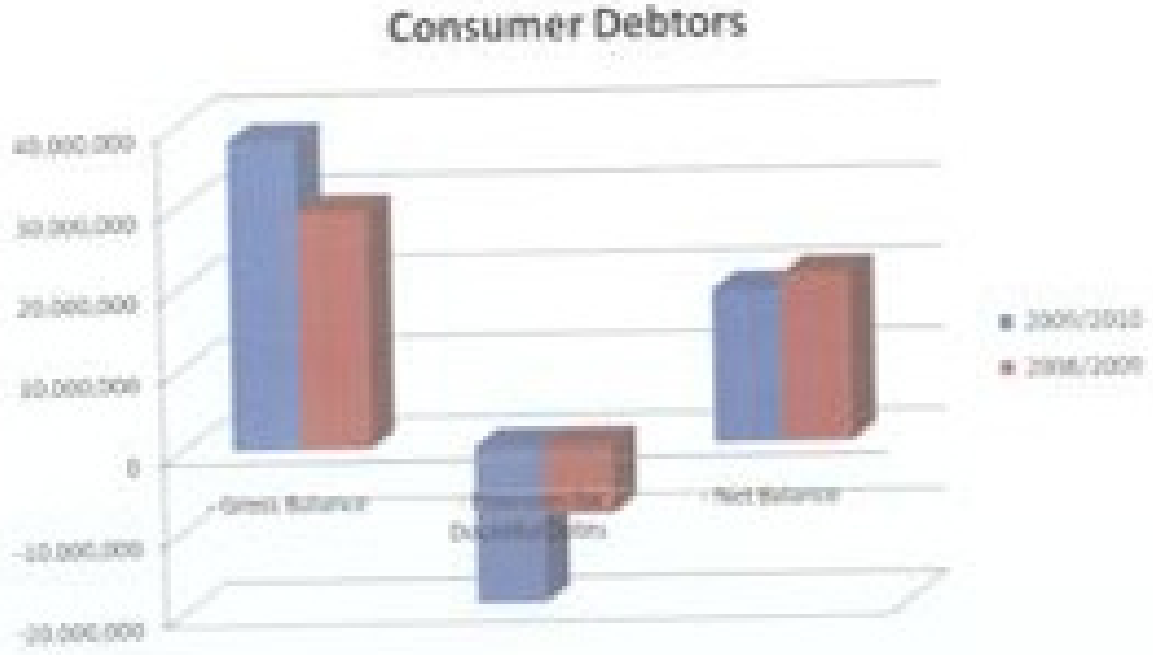
Debtors

Details regarding debtors are provided in Note 3 (Consumer debtors), Note 4 (Other receivables) and Note 10 (Long-term receivables) of the Notes to the Annual Financial Statements.

Table 4: Consumer Debtors (R'000)

	Actual 2009/10	Actual 2008/09	Variance Year on Year
Debtors			
Consumer Debtors			
- Gross Balance	38 183	28 509	33.9%
- Provision for Doubtful Debts	-19 370	-8 468	128.7%
Net Balance	18 813	20 041	-6.1%

The following graph shows the year-on-year comparison of the consumer debtors:



Capital Expenditure

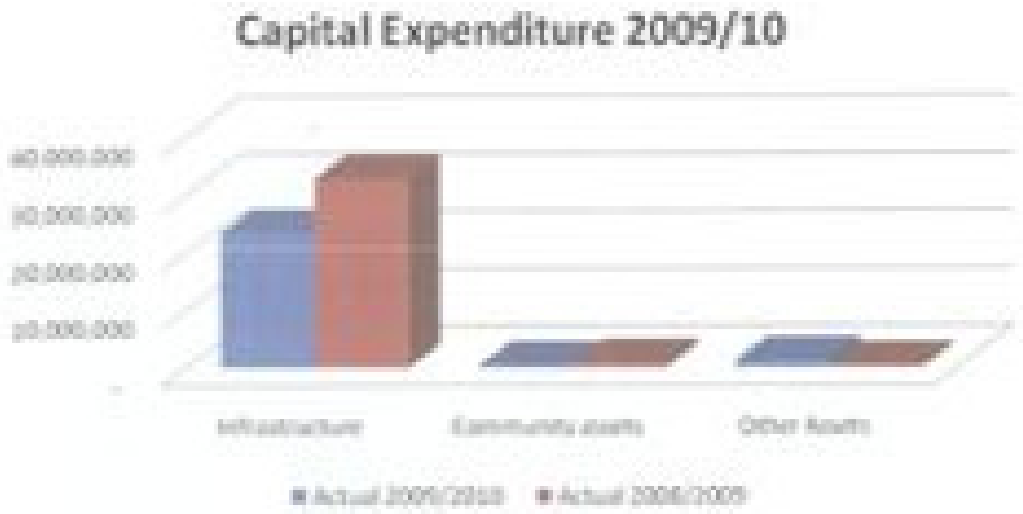
Table 5 Acquisition of Property, Plant and Equipment (R'000)

	Budget 2009/10	Actual 2009/10	Variance Actual vs Budget	Actual 2008/09
Infrastructure	**30 942**	**23 525**	**31.5%**	**32 929**
Roads, pavements, bridges & stormwater	16 941	13 904	35.6%	14 238
Electricity reticulation	1 294	280	362.1%	4 241
Water reservoirs & reticulation	1 850	2 644	-30.0%	3 915
Sanitation purification & reticulation	9 007	6 388	34.7%	10 448
Other	250	249	0.4%	87
Community	**1 460**	**449**	**225.2%**	**880**
Buildings	1 460	449	225.2%	736
Recreational facilities	0	0	0.0%	144
Other	**1 676**	**1 281**	**30.8%**	**367**
Motor vehicles	700	557	25.7%	160
Plant & Equipment	751	505	48.7%	66
Office equipment	225	219	2.7%	90
Furniture & fittings				51
Total	***34 078***	***25 255***	**34.9%**	***34 176***

Some of the key features of acquisition of PPE in Table 5 are as follows:

- Of the R25.3 million actual expenditure in 2009/10, 93.1 percent was on infrastructure. This infrastructure investment enabled the municipality to extend basic services and economic growth. However, given the backlogs in the municipal area, this investment will need to be increased in the medium to long term;
- As indicated in note 8 to the annual financial statements, R20.5million of PPE is comprised of assets under construction while the balance of R4.8 million is assets completed or acquired;

The graph below shows the distribution of property, plant and equipment according to the type:



The sources of funding the acquisition of PPE are shown in Table 6 below.

Table 6: Source of funding acquisition of PPE (R'000)

	Budget 2009/10	Actual 2009/10	Variance Actual vs Budget	Actual 2008/09
Grants				
- Municipal Infrastructure Grant (MIG)	27 942	21 049	-32.7%	21 777
- Financial Management Grant	84	83	-1.2%	0
- Electrification Grant	0	0	0.0%	4 012
Own income	6 052	4 123	-46.8%	8 324
Donations	0		0.0%	66
Total	**34 078**	**25 255**	-34.9%	**34 179**

Table 6 shows that for 2009/10, 83.67 percent of the funding for PPE was from government grants and 16.33 percent from own revenue sources.

Table 7: Acquisition of Intangible Assets (R'000)

	Budget 2009/10	Actual 2009/10	Variance Actual vs Budget	Actual 2008/09
Computer Software	530	308	58%	-
Total	**530**	**308**	**58%**	-

The municipality acquired a new Payroll system and Supply Chain database in the Budget and Treasury Office.

Table 8: Source of funding acquisition of Intangible Assets (R'000)

	Budget 2009/10	Actual 2009/10	Variance Actual vs Budget	Actual 2008/09
Grants				
- FMG	530	308	58%	-
Total	**530**	**308**	**58%**	-

Cash and Investments

Table 8 Cash and investments (R'000)

	Actual 2009/10	*Actual 2008/09*
Current account (Cash book)	1 980	-1 216
Petty cash	4	22
Call Accounts	180	92
Other short term investments	16 842	11 430
4-6 months investments	11 121	15 710
Investments > 1 year	1 462	1 254
Total	***31 589***	***27 292***

The cashbook closed with a positive balance of R1 980 388 whereas the current account closed with a positive balance of R13.8 million as per note 2 to the annual financial statements.

Long Term Loans

Table 9 Long term loans (R'000)

	Actual 2009/10	*Actual 2008/09*
ABSA	0	0
DBSA	3 627	4 097
Total	***3 627***	***4 097***

Existing long term loans were reduced by R470 506 during the year.

Financial Ratios

Table 8 Key accounting ratios

	Actual 2009/10	*Actual 2008/09*
Current assets	56 159	56 996
Current liabilities	31 848	24 078
Current ratio	***1.76***	***2.37***
Inventory	4 303	3 817
Quick ratio	***1.63***	***2.21***
Total assets	294 538	279 808
Total liabilities	47 454	39 405
Solvency ratio	***6.21***	***7.10***

Current ratio: The ratio decreased from 2.37:1 to 1.76:1 between 2008/09 and 2009/10. The private sector norm is 2:1 and there is no available norm in local government. This ratio shows to what extent the current assets of the municipality cover the current liabilities. Alternatively put, it shows how the municipality is able to meet it short term commitments. The major cause for the decrease is that investments decrease and that trade creditors and unspent grants increased on the current liabilities side.

Quick ratio: This ratio decreased from 2.21:1 to 1.63:1. The private sector norm is 1:1 and there is no generally acceptable norm for local government. It should be pointed out that these norms vary from business to business and from industry to industry. This ratio uses the same formula as the current ratio, except that inventory is deducted from current assets as it is less liquid.

Solvency ratio: The ratio show how solvent the municipality is. Put differently, it shows to what extent the municipality is able to meet its long term commitments from its own resources. A ratio of less than one is an indication of insolvency.

Users of the annual report and the annual financial statements can use these documents to calculate and interpret other ratios that would be appropriate for their purposes.

Special words of thanks to all internal and external stakeholders for their commitment and support during the 2009/10 financial year. It is trusted that the commitment will be maintained in future as we strive to manage the finances of our municipality in a sustainable manner for improved service delivery.

SSM Bothe
Acting Chief Financial Officer

AUDITOR'S REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE AND THE COUNCIL ON MODIMOLLE LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Modimolle Municipality, which comprise the statement of financial position as at 30 June 2010, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages xx to xx.

Accounting Officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the Municipal Finance Management Act of South Africa (Act No. 56 of 2003) (MFMA). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor-General's responsibility

3. As required by section 188 of the Constitution of South Africa, 1996 (Act No. 108 of 1996) and, section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with International Standards on Auditing and *General Notice 1570 of 2009* issued in *Government Gazette 33758 of 27 November 2009*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for qualified opinion

Property, plant and equipment

7. In terms of section 63(a) of the MFMA the accounting officer is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets. My findings below confirm that this section of the MFMA was not complied with:

- Land owned by the municipality is not reflected in the asset register

Leave provision

8. As a result of inadequate administration and record keeping over the municipality's leave records, the completeness and valuation of the leave provision amounting to R3 923 210 and (2009: R3 142 486) as disclosed in note 12 to the financial statements could not be verified. The municipality's records did not permit the application of alternative audit procedures regarding the leave provision.

Inventory

9. During the stock count, I identified material discrepancies between the inventory records and the physical stock on hand at the municipality. These discrepancies were not resolved or adjusted in the underlying accounting records and financial statements of the municipality. The effect of the inventory balance of R4 302 880 as disclosed in note 5 to the financial statements could not determined.

Employee Cost

10. The employee related costs of R48 190 991 as disclosed in notes 24 and 25 to the financial statements, does not agree to the balance of R47 410 267 per the underlying accounting records. The entity could not provide an explanation or supporting documentation for the difference of R1 608 828.82 between the financial statements and the underlying accounting records. Consequently, the employee related costs is overstated by R1 608 828.82. Consequently I could not determine the effect on the other account balances or classes of transactions contained in the financial statements.

Expenditure

11. Expenditure transactions amounting to R2 058 515 could not be traced to supporting documentation. Consequently, I did not obtain sufficient appropriate audit evidence to satisfy myself as to the occurrence, accuracy and classification of general expenses.

Opinion

12. In my opinion, except for the effects of the matters described in the basis for qualified opinion paragraph(s), the financial statements present fairly, in all material respects, the financial position of the Modimolle Municipality as at 30 June 2010 and its financial performance and its cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and in the manner required by the MFMA.

Emphasis of matter

13. I draw attention to the matter(s) below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

14. As disclosed the statement of changes in net assets, the corresponding figures for accumulated surplus has been restated as a result of an prior period error of R40 063 462 discovered during year in the financial statements of the Modimolle Municipality and for the year ended 30 June 2009.

Fruitless and wasteful expenditure

15. As disclosed in note 40.1 to the financial statements, fruitless and wasteful to the amount of R3 311 388 was incurred as a result of poor workmanship on the construction of the Mabaduane Reservoir and payment of interest and penalties to South African Revenue Services.

Unauthorised expenditure

16. As disclosed in note 40.2 to the financial statements, unauthorised expenditure to the amount of R9 038 658 was incurred, as a result of an overspending of the budget.

Irregular expenditure

17. As disclosed in note 40.3 to the financial statements, irregular expenditure to the amount of R1 249 168 was incurred, as proper tender process had not been followed.

Material losses

18. As disclosed in note 35.6 to the financial statements, the municipality suffered significant distribution losses of 12.9% for water and 20.4% for electricity.

Material under spending of the budget

19. As disclosed in note 34, the municipality has materially underspent the budget to the amount of R9 077 484. As a consequence, the department has not achieved its objectives.

Additional matters

20. I draw attention to the matter below. My opinion is not modified in respect of these matters:

Unaudited supplementary schedules

21. The supplementary information set out on pages XX to XX does not form part of the financial statements and is presented as additional information. I have not audited these schedule(s) and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

22. In terms of the PAA of South Africa and *General notice 1570 of 2009*, issued in *Government Gazette No. 32758 of 27 November 2009* I include below my findings on the report on

predetermined objectives, compliance with the with the following key laws and regulations and financial management (internal control).

Predetermined objectives

23. Material findings on the report on predetermined objectives, as set out on pages xx to xx, are reported below:

Non-compliance with regulatory and reporting requirements

Quarterly performance reports not submitted to Council

24. Monitoring and reporting of quarterly performance results not adequate and consequently quarterly performance reports were not submitted to council and EXCO as required by Section 41(e) of the Municipal Systems Act nor submitted to the municipal manager and performance audit committee as required by regulation 14(c) (i-ii) of the Local Government: Municipal Planning and Performance Management Regulations of 2001.

Usefulness of reported performance information

The following criteria were used to assess the usefulness of the planned and reported performance:

- Measurability: Are objectives made measurable by means of indicators and targets? Are indicators well defined and verifiable, and are targets specific, measurable, and time bound?

The following audit findings relate to the above criteria:

Planned and reported performance targets not specific, measurable nor time bound

25. For the selected objectives, more than 51% of the of the planned and reported targets were not specific in clearly identifying the required level of performance;

- specific in clearly identifying the nature and the required level of performance;
- measurable in identifying the required performance;
- time bound in specifying the time period or deadline for delivery.

Reliability of reported performance information

The following criteria was used to assess the reliability of the planned and reported performance:

- Validity: Has the actual reported performance occurred and does it pertain to the entity i.e. can the reported performance information be traced back to the source data or documentation?
- Accuracy: Amounts, numbers and other data relating to reported actual performance has been recorded and reported appropriately
- Completeness: All actual results and events that should have been recorded have been included in the reported performance information

The following audit findings relate to the above criteria:

Reported actual achievement not reliable when compared to source information

26. For the selected objectives, 50% of the reported indicators were not accurate on the basis of the source information or evidence provided to support the reported indicators.

Compliance with laws and regulations

MFMA

Expenditure was incurred otherwise than in accordance with sections 15 and 11(3) of the MFMA resulting in unauthorised expenditure

27. Expenditure was not incurred in accordance with the approved budget of the municipality and exceeded the limits of the amounts appropriated for the different votes in the approved budget of the municipality.

Expenditure was incurred in contravention of or not in accordance with applicable legislation resulting in irregular expenditure

28. Expenditure was not incurred in accordance with the requirements of the supply chain management policy of the municipality as set out in section1 the definition of "irregular expenditure" paragraph (d) of the MFMA.

Expenditure incurred was made in vain or could have been avoided resulting in fruitless and wasteful expenditure

29. Expenditure incurred was made in vain, and could have been avoided based on the fact that reasonable care had been exercised, as set out in section1 the definition of "fruitless and wasteful expenditure" of the MFMA.

INTERNAL CONTROL

30. I considered internal control relevant to my audit of the financial statements and the report on predetermined objectives and compliance with the MFMA but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the deficiencies identified during the audit.

- **Leadership**

  Oversight responsibility

  The municipality did not have sufficient monitoring controls to ensure adherence to the internal policies and procedures at a programme/objective level, as well as for purposes of taking corrective action.

  Tone at the top

  Management's philosophy and operating style does not promote effective control over reporting. Performance is not measured.

Action to mitigate risks

Control weaknesses are not analysed, and appropriate follow-up actions are not taken that address root causes. The audit recovery plan was developed but the timeframes were not adhered to and as result the municipality is qualified on the same issues as in the prior year.

- **Financial and performance management**

  Quality, reliable annual financial statements

The financial statements and performance information were subject to material amendments resulting from the audit. Performance is not measured as the performance evaluation of the section 57 managers was not done.

Proper record keeping

The filing system in the human resources is not satisfactory

Adequate systems

General information technology controls are not designed to maintain the integrity of the information systems and the security of the data.

Manual or automated controls are not designed to ensure that the transactions have occurred, are authorised, and are completely and accurately processed.

Systems are not appropriate to facilitate the preparation of the financial statements and performance reports.

- **Governance**

  Risk identification

Internal controls are not selected and developed to prevent / detect and correct material misstatements in financial reporting and reporting on predetermined objectives.

Fraud prevention

Segregation of duties to prevent fraudulent data and asset misappropriation is not adequate.

Internal audit

Ongoing monitoring and supervision are not undertaken to enable an assessment of the effectiveness of internal control over financial and performance reporting.

Audit committees

The performance reports are not reviewed prior to submission for audit.

Auditor-General

Polokwane

30 November 2010

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

MODIMOLLE LOCAL MUNICIPALITY

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

Annual Financial Statements

for

MODIMOLLE LOCAL MUNICIPALITY

for the year ended 30 June 2010

Province:	Limpopo
AFS rounding:	*R (i.e. only cents)*

Contact Information:	
Name of Municipal Manager:	K S Lekalis (Acting)
Name of Chief Financial Officer:	S S M Botha (Acting)
Contact telephone number:	014 718 3000
Contact e-mail address:	mannoeyen@modimolle.gov.za
Name of contact at provincial treasury:	N Mbungela
Contact telephone number:	015 291 8534
Contact e-mail address:	nmbungelani@treasury.limpopo.gov.za
Name of relevant Auditor:	Auditor-General of South Africa
Contact telephone number:	015 299 4400
Contact e-mail address:	
Name of contact at National Treasury:	Thomas Meijeni
Contact telephone number:	012 315 5782
Contact e-mail address:	thomas.meijeni@treasury.gov.za

General Information

Members of the Council

KE Lekalakala	**Mayor**
MJ Mashao	**Speaker**
SA Saloka	**Members of the Executive Committee**
WL Fourie	
MS Olifant	**Members**
SD Sebatlabela	
LR Motshegoa	
LG Trichardt	
R Molekoa	
LW Van Aswegen	
SR Monanyane	
MA Mojela	
WL Botes	
SF Kobe	
MP Kekana	
MS Motshegoa (Chief Whip)	

Municipal Manager

K S Lekala (Acting)

Chief Financial Officer

S S M Botha (Acting)

Grading of Local Authority

3

Auditors

Auditor-General

Bankers

First National Bank

General Information (continued)

Registered Office:	Municipal Offices
Physical address:	Oliver Tambo Square Harry Gwala Street Modimolle 0510
Postal address:	Private Bag X1008 Modimolle 0510
Telephone number:	014 718 2000
Fax number:	014 717 4077
E-mail address:	ajordaan@modimolle.gov.za

MODIMOLLE LOCAL MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 39, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 25 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

K S LEKALA
ACTING MUNICIPAL MANAGER **DATE**

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MODIMOLLE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 R	2009 R
ASSETS			
Current assets			
Cash and cash equivalents	2	19 005 629	10 592 463
Consumer debtors	3	16 813 557	20 040 803
Other receivables	4	2 397 316	3 135 498
Inventories	5	4 302 850	3 816 791
Non current assets held for sale	6	500 000	-
VAT receivable	7	19 060	2 750 692
Investments	11	11 121 145	16 851 279
Non-current assets			
Property, plant & equipment	8	236 660 959	221 456 507
Intangible assets	9	256 171	-
Receivables	10	100 267	100 267
Investments	11	1 462 107	1 253 613
Total assets		294 639 086	279 807 913
LIABILITIES			
Current liabilities			
Bank overdraft	2	-	1 216 250
Trade and other payables	12	19 556 549	17 261 028
Consumer deposits	13	2 500 978	2 378 025
Unspent conditional grants and receipts	14	9 077 464	2 513 140
Current portion of borrowings	15	496 421	446 081
Current portion of finance lease obligation	16	216 447	263 250
Non-current liabilities			
Borrowings	15	3 130 599	3 051 446
Finance lease liability	16	152 467	368 914
Non current provision	17	12 323 194	11 306 934
Total liabilities		47 454 136	39 405 068
		247 183 951	240 402 845
Net Assets			
Housing Development Fund		483 263	483 263
Accumulated Surplus		246 700 688	239 919 602
		247 183 951	240 402 845

MODIMOLLE LOCAL MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 R	2009 R
REVENUE			
Property rates	18	12 907 381	11 302 760
Service charges	19	74 479 685	58 409 794
Finance income	20	5 215 260	5 926 967
Government grants and subsidies received - operating	21	39 106 633	29 261 630
Government grants and subsidies received - capital	21	22 540 108	25 768 941
Rental of facilities and equipment		303 939	122 026
Fines		143 962	85 313
Agency fees		2 626 423	1 960 095
Public contributions, donated and contributed property, plant and equipment	22	-	66 856
Other revenue	23	2 146 980	1 770 871
Total Revenue		**159 369 370**	**134 694 252**
EXPENDITURE			
Employee related costs	24	44 273 335	41 510 325
Remuneration of councillors	25	3 917 656	3 167 246
Bad debts		10 901 629	-
Depreciation and amortisation expense	26	9 348 583	9 047 219
Finance cost	27	1 557 163	726 528
Repairs and maintenance		6 529 719	3 609 070
Bulk purchases	28	38 144 170	26 379 616
General expenses	29	37 862 070	24 531 973
Total Expenditure		**152 334 309**	**108 962 982**
Gain/(Loss) on disposal of assets	30	(253 873)	(3 535 199)
Gain/(Loss) on fair value adjustment	31	-	79 774 340
NET SURPLUS FOR THE YEAR		**6 781 688**	**101 970 412**

MODIMOLLE LOCAL MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2010

	Housing Development Fund	Accumulated Surplus/ (Deficit)	Total: Net Assets
	R		R
Balance at 1 July 2008	483 263	129 367 326	129 850 589
Restated surplus/(deficit) for the period (note 32 and 33)		101 970 412	101 970 412
Previous years adjustments		8 581 864	8 581 864
Balance at 30 June 2009	483 263	239 919 602	240 402 865
Surplus/(deficit) for the period		6 781 088	6 781 088
Balance at 30 June 2010	483 263	246 700 690	247 183 953

	Note	2010 R	2009 R
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and others		165 539 567	128 443 608
Cash paid to suppliers and employees		(139 619 154)	(104 801 375)
Cash generated from / (utilised in) operations	34	**25 920 414**	**33 642 233**
Finance income		6 215 260	6 926 967
Finance costs		(540 880)	(726 528)
Net cash from operating activities		**31 594 794**	**39 842 671**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment and other assets		(25 663 160)	(34 178 896)
(Increase)/decrease in non-current investments		(208 694)	954 626
Decrease/(increase) in current investments		5 640 134	(2 426 258)
Net cash used in investing activities		**(20 231 636)**	**(35 650 528)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in long term loans		(470 507)	(599 416)
Payment of finance lease liabilities		(283 250)	(429 785)
Net cash used in financing activities		**(753 757)**	**(1 029 201)**
Increase/(decrease) in cash and cash equivalents		**9 629 394**	**(8 137 696)**
Cash and cash equivalents at beginning of the year		9 376 233	17 513 389
Cash and cash equivalents at end of the year		19 005 626	9 376 233

1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS

1.1 BASIS OF PRESENTATION

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated.

These annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

ISSUED BUT NOT YET EFFECTIVE	STANDARD APPLIED
GRAP 18 Segment Reporting	Not applicable
GRAP 21 Impairment of non-cash generating assets	GAS 36
GRAP 23 Revenue from Non-Exchange Transactions	GAMAP 9
GRAP 24 Presentation of Budget Information in Financial Statements - issued November 2007	Not applicable
GRAP 25 Employee Benefits	GAS 25
GRAP 26 Impairment of cash generating assets	GAS 36
GRAP 103 Heritage Assets	Not applicable

1.7 PROPERTY, PLANT & EQUIPMENT (cont)

1.7.3 Subsequent measurement - cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.7.4 Depreciation and impairment

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives of the asset. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

	Years
Infrastructure Assets	
Roads, pavements, bridges and storm water	10
Street names, signs and parking meters	5
Water reservoirs and reticulation	15-20
Electricity reticulation	20-50
Sewerage purification and reticulation	15-20
Refuse sites	15
Security measures	5
Community Assets	
Parks and gardens	15-30
Sport fields	20-30
Community halls	30
Libraries	30
Recreation facilities	30
Cemeteries	30
Other Assets	
Motor vehicles	5
Plant and equipment	5
IT equipment	3
Office equipment	3 - 5
Specialised vehicles	10
Finance lease assets	
Office equipment	5

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

Heritage assets are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life which are shown at cost. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. (Impairment loss of a revalued asset is treated as a revaluation decrease).

1.7 PROPERTY, PLANT & EQUIPMENT (cont)

1.7.5 Derecognition

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The municipality has taken advantage of the transitional provisions in Directive 4 of February 2008, on initial adoption of the standard of GRAP to comply fully with this standard.

1.8 INTANGIBLE ASSETS

1.8.1 Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:
- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.8.2 Subsequent measurement - cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test, and the useful life is reviewed at each reporting date, and if the useful life has changed from indefinite and defined, it is treated as a change in accounting estimate in Statement of Financial Performance.

1.8.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

	Years
Licences	3
Computer software	3

Each item of intangible asset is amortised separately.

1.8 INTANGIBLE ASSETS (cont)

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.8.4 Derecognition
Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.9 NON-CURRENT ASSETS HELD FOR SALE

1.9.1 Initial recognition
Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.9.2 Subsequent measurement
Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.10 INVENTORIES

1.10.1 Initial recognition
Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.10.2 Subsequent measurement
Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

1.10 INVENTORIES

In general the basis of allocating cost to inventory items is the the weighted average method.

The municipality has taken advantage of the transitional provisions in Directive 4 of February 2008, on initial adoption of the standard of GRAP on Inventories, GRAP 12, to comply fully with this standard.

1.11 FINANCIAL INSTRUMENTS

1.11.1 Initial recognition

Financial instruments are initially measured at fair value, plus (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in [illegible]

1.11.2 Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

The Entity classifies its financial assets into the following categories:

- held-to-maturity;
- loans and receivables;
- available-for-sale; and
- fair value through profit and loss.

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

- Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.
- Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market prices in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Changes in Net Assets in the period in which it arises. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of financial instruments classified as available-for-sale is their quoted bid price at the Statement of Financial Position date.
- Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

1.11 FINANCIAL INSTRUMENTS (cont'd)

1.11.2.1 Trade and other receivables

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivables is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

1.11.2.2 Trade payables and borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

1.11.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.11.3 Impairment

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.12 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognised when the municipality has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

1.12 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (cont)

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:
(a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and
(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The municipality has complied with the transitional provisions in Directive 4 of February 2009, on initial adoption of the standard of GRAP on Provisions,Contingent Liabilities and Contingent Assets, GRAP 19, in order to comply fully with this standard.

1.13 LEASES

1.13.1The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. The aggregate benefit of incentives of Operating leases are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

1.13.2 The Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

1.14 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

1.14.1 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service charges

Flat rate service charges relating to electricity and water which are based on consumption are metered and an estimate of consumption between the latest meter reading and the reporting date shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumptions are made monthly when meter readings have not been performed and are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made then recognised in the statement of financial performance in the invoicing period in which meters have been read.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

Revenue from the sale of electricity prepaid meter credit is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.
Service charges from sewerage and sanitation are based on the size of the property, number of dwelling on each property and connection, using the tariffs approved by Council and are levied monthly.

Sale of goods

Revenue from the sale of goods is recognised when substantially all the risks and rewards of ownership of the goods is passed to the consumer.
Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

Interest, royalties and dividends

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

Royalties are recognised as they are earned on a time basis is recognised on a straight-line basis over the period of the agreement. Royalty revenue that is based on production, sales and other measures is recognised in accordance with the substance of the relevant agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Agency Services

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

1.14 REVENUE RECOGNITION (cont)

1.14.2 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Rates (including collection charges and penalty interest)
Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the chance to properties.

Fines
Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

Public donations and contributions
Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Deferred income relating to government grants are recognised on the following bases:
- Capital contributions to property, plant and equipment: Credited on a systematic basis to the Statement of Financial Performance based on the estimated useful life of the plant and equipment.
- Income-related grants outstanding expenses: Credited to the Statement of Financial Performance as revenue when the related expense is recognised.

Contributed property, plant and equipment is recognised at fair value, when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Other
Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

The municipality complied with Directive 4 of February 2009, on initial adoption of the standard on Revenue from Exchange Transactions. GRAP 9 and has done so retrospectively according to the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors.

Government grants, transfers and donations

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services.

Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

1.14 REVENUE RECOGNITION (cont'd)

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

1.15 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be clearly established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

1.16 EMPLOYEE BENEFITS

1.16.1 Short-term employee benefits

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

1.16.2 Termination Benefits

Termination benefits are recognised when actions have been taken to indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

1.16.3 Retirement benefits

The municipality provides retirement benefits for its employees and councillors.

Contributions to defined contribution retirement benefit plans are recognised as an expense when employees and councillors have rendered the employment service or served office entitling them to the contributions.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the municipality pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the statement of financial performance when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Past service costs are recognised immediately where the benefit is vested or are amortised on a straight-line basis over the average period that it will take for such benefits to become vested.

The retirement benefit obligations recognised in the Statement of Financial Position represents the present value of the defined benefit obligation, adjusted for unrecognised actuarial gains and losses, unrecognised service cost and the fair value of plan assets. Where an asset results, such asset is limited to unrecognised actuarial losses, past service costs and the present value of available refunds and reductions in future contributions to the plan.

Post employment medical care benefits

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The expected cost of these benefits is accrued over the period of employment.

		2010 R	2009 R
2.	**CASH AND CASH EQUIVALENTS**		
	Cash and cash equivalents consist of the following:		
	Cash on hand	5 900	21 702
	Cash at bank	1 980 388	-
	Call deposits	17 021 340	10 570 781
		19 008 628	10 592 483
	Bank overdraft	-	1 316 359
	The municipality has the following bank accounts:		
	Current account (primary bank account)		
	Bank: First National Bank		
	Account number: 62026236828		
	Bank statement balance at beginning of year	5 651 064	7 895 285
	Bank statement balance at end of year	13 834 992	5 651 064
	Cash book balance at beginning of year	(1 316 359)	1 639 920
	Cash book balance at end of year	1 980 388	(1 316 359)

3.	**CONSUMER DEBTORS**	**Gross Balances**	**Provision for Doubtful Debts**	**Net Balance**
	30 June 2010			
	Service debtors			
	Rates	6 836 907		6 836 907
	Electricity	2 577 221	(1 755 562)	821 659
	Water	8 187 158	(5 676 963)	2 510 195
	Sewerage	2 911 011		2 911 011
	Refuse	4 381 562	(2 984 664)	1 396 918
	VAT	6 979 058	(4 754 024)	2 225 034
	Other	9 310 331	(4 298 498)	2 011 833
	Total	38 183 268	(19 369 711)	18 813 557
	30 June 2009			
	Service debtors			
	Rates	7 680 535	(3 167 398)	4 513 137
	Electricity	2 844 455	(1 083 411)	1 761 044
	Water	5 224 431	(1 989 904)	3 234 527
	Sewerage	2 390 309	(910 433)	1 479 876
	Refuse	3 457 571	(1 316 937)	2 140 634
	VAT	6 232 024		6 232 024
	Other	679 671		679 671
	Total	28 508 996	(8 468 083)	20 040 901
	Debtors Age Analysis			
	Rates			
	Current (0 - 30 days)		760 812	760 864
	31 - 60 days		344 370	514 222
	61 - 90 days		280 650	438 389
	91 - 120 days		243 784	411 537
	120 days +		5 207 011	6 191 727
	Total		6 836 907	8 316 838

		2010 R	2009 R
3.	**CONSUMER DEBTORS (cont)**		
	Water, electricity and Sewerage		
	Current (0 - 30 days)	2 409 677	2 297 787
	31 - 60 days	815 313	1 019 975
	61 - 90 days	676 351	901 586
	91 - 120 days	556 204	770 809
	120 days +	9 215 645	5 467 956
	Total	**13 675 391**	**10 458 163**
	Refuse and other		
	Current (0 - 30 days)	(7 457 981)	(11 354 300)
	31 - 60 days	823 387	723 544
	61 - 90 days	717 748	585 954
	91 - 120 days	639 291	696 758
	120 days +	18 109 859	16 026 001
	Total	**13 832 301**	**6 680 956**
	Reconciliation of the doubtful debt provision		
	Balance at beginning of the year	8 468 083	9 399 779
	Contributions to provision	10 901 628	-
	Doubtful debts written off against provision	-	(931 696)
	Balance at end of year	**19 369 711**	**8 468 083**
4.	**OTHER RECEIVABLES**		
	Sundry debtors	2 396 728	3 133 162
	Operating lease asset	589	2 306
	Total Other Receivables	**2 397 316**	**3 135 468**
5.	**INVENTORIES**		
	Consumable stores - at cost	3 326 918	2 997 791
	Unsold property	919 000	919 000
	Water inventory	56 962	-
		4 302 880	**3 916 791**
	Water inventory was accounted for water in the reservoirs only		
6.	**NON CURRENT ASSETS HELD FOR SALE**		
	Property, plant and equipment	**500 000**	**-**
	The municipality intends selling off land and buildings on which the municipal stores were previously located. The municipal stores have relocated and is centralised with the municipal workshop.		
7.	**VAT RECEIVABLE**		
	VAT receivable	**18 960**	**3 799 999**

5. PROPERTY, PLANT & EQUIPMENT

OWNED ASSETS

5.1 Reconciliation of Carrying Value
30 June 2010

	Land R	Buildings R	Infrastructure R	Community R	Other Assets R	Total R
Carrying values at beginning of the year						
Cost						
Accumulated depreciation						
Acquisitions						
Capital under construction						
Depreciation						
Transfers to non current assets held for sale						
Carrying value of disposals						
Cost						
Accumulated depreciation						
Carrying value at end of the year						
Cost						
Accumulated depreciation						

Reconciliation of Carrying Value
30 June 2009

	Land R	Buildings R	Infrastructure R	Community R	Other Assets R	Total R
Carrying values at beginning of the year						
Cost						
Accumulated depreciation						
Acquisitions						
Capital under construction						
Depreciation						
Fair value adjustment						
Cost revenue						
Accumulated depreciation reversal						
Fair value adjustment						
Carrying value of disposals						
Cost						
Accumulated depreciation						
Carrying value at end of the year						
Cost						
Accumulated depreciation - cost						

FINANCE LEASE ASSETS

	2010	2009
5.2 Reconciliation of Carrying Value		
Carrying values at beginning of the year		
Cost		
Accumulated depreciation		
Depreciation		
Carrying value at end of the year		
Cost		
Accumulated depreciation		

This above office equipment is pledged as security for deemd finance leases

Total Property, plant and equipment

5.3 Fair value adjustment

The municipality appointed Johan Erasmi, an independent valuer to value land and buildings owned/controlled by the municipality. The municipality has appointed a service provider to unbundle the assets and the building values will be adjusted once the exercise is completed.

5.4 Transitional provisions in terms of directive 4

The Municipality has taken advantage of the Property, Plant and Equipment transitional provisions in terms of paragraphs 75 and 76 of Directive 4 of February 2009. The three year transitional period lapses on 30 June 2011. The municipality has appointed a service provider to unbundle the assets and this exercise will be completed in the 2010/11 financial year.

		2010 R	2009 R
9.	**INTANGIBLE ASSETS**		
	Computer software **Reconciliation of Carrying Value**		
	Carrying values at beginning of the year	-	-
	Cost	-	-
	Accumulated amortisation	-	-
	Acquisitions	308 372	
	Amortisation	(52 201)	-
	Cost	308 372	-
	Accumulated amortisation	(52 201)	-
		256 171	-
10.	**RECEIVABLES**		
	Deposit - electricity	109 267	109 267
	Deposit electricity The deposit is held by Eskom for bulk services rendered to the municipality		
11.	**INVESTMENTS**		
	Held to maturity investments		
	Fixed deposits	29 500 681	28 481 573
	Less short term portion	(28 142 484)	(27 232 060)
	Cash and cash equivalents	17 021 340	10 570 781
	Current investments	11 121 145	16 661 279
		1 458 187	1 340 813
	Available for sale investments		
	Unlisted investments	4 000	4 000

Investments totalling R2 358 107 (2009: R3 100 653) were ceded to the DBSA and FNB respectively. These investments serve as security for the long term loans and a bank guarantee granted.

Investments of R483 263 and R9 577 494 are attributable to the Housing Development Fund and unspent conditional grants.

Call accounts totalling R179 503 (2009: R82 401) mature on a daily basis. The interest rates range between 1.55% to 2.65%.

Investments disclosed under cash and cash equivalents were not pledged.

		2010 R	2009 R
12.	**TRADE AND OTHER PAYABLES**		
	Trade creditors	2 335 207	524 160
	Payments received in advance	3 840 256	5 688 125
	Staff leave	3 923 210	3 142 488
	Retentions	2 174 367	1 632 632
	VAT	-	3 885 916
	Unknown deposits	6 232 037	3 596 338
	Other (specify)	1 051 450	789 371
	Total Trade and Other Payables	19 556 546	17 261 028
13.	**CONSUMER DEPOSITS**		
	Water and electricity	3 569 978	3 379 629
	No interest is paid on consumer deposits.		
	Guarantees held in lieu of electricity and water deposits	374 988	357 789
14.	**UNSPENT CONDITIONAL GRANTS AND RECEIPTS**		
	Conditional Grants from other spheres of		
	Finance Management Grant	1 357 869	580 091
	DME	1 822 535	1 822 535
	Municipal Systems Improvement Grant	203 020	110 514
	Municipal Infrastructure Grant	5 694 061	-
	Total Conditional Grants and Receipts	9 077 484	2 513 140
	See note 21 for the reconciliation of grants from other spheres of government.		
	These amounts are invested until utilised.		
15.	**BORROWINGS**		
	Annuity loans	3 627 020	4 097 527
	Less: Current portion transferred to current liabilities	(496 421)	(446 081)
		3 130 599	3 651 446
	An investment amounting to R1 458 167 (2009: R2 200 653) was ceded to DBSA as security for a loan granted.		
	Refer to Appendix A for more detail on borrowings.		

		2010 R	2009 R
16.	**FINANCE LEASE LIABILITY**		

	Minimum lease payment	Future finance charges	Present value of lease payments
30 June 2010			
Amounts payable under finance leases			
Within one year	279 959	63 512	216 447
Within two to five years	167 976	15 509	152 467
	447 935	79 021	368 914
Less: Amount due for settlement within 12 months (current portion)			(216 447)
			152 467
30 June 2009			
Amounts payable under finance leases			
Within one year	347 457	84 207	263 250
Within two to five years	447 935	79 021	368 914
	795 392	163 228	632 164
Less: Amount due for settlement within 12 months (current portion)			(263 250)
			368 914

The liability is secured by office equipment under deemed finance leases with a carrying value of R300 934 (2009: R561 387). The effective interest rate is 29.79% and is repayable in 60 equal instalments of which the first was paid in October 2004. The last instalment is payable during January 2013.

17.	**NON CURRENT PROVISION**		
	Post employment benefits		
	Accrued liability at beginning of year	11 300 934	10 549 550
	Services cost	448 196	403 416
	Interest cost	1 016 630	1 119 393
	Contribution payments	(448 476)	(407 532)
	Actuarial (gain)/loss	-	(357 755)
	Accrued liability at end of year	12 317 284	11 306 934
	Past service (accrued) liability		
	Main assumptions		
	Discount rate	10.81%	10.25%
	Health care cost inflation	9.66%	9.66%
	Future service (accrued) liability		
	Main assumptions		
	Discount rate	9.17%	9.17%
	Health care cost inflation	7.82%	7.82%

		2010 R	2009 R
18.	**PROPERTY RATES**		
	Residential	6 427 871	4 144 793
	Commercial	4 750 478	6 005 519
	State	672 657	582 279
	Agricultural	1 056 375	560 169
		12 907 381	11 292 760
	VALUATIONS	**R000's**	**R000's**
	Residential	24 968 144	23 533 823
	Commercial	3 238 962	5 179 792
	State	573 287	664 780
	Agricultural	40 193 658	39 968 763
		68 974 051	69 347 153

Valuations on land and buildings are performed every four years. The last valuation roll came into effect on 1 July 2008. Interim valuations are processed on a quarterly basis to take into account changes in individual property values due to alterations and subdivisions.

Various rates apply for the different categories which are applied to property valuations to determine assessment rates. Rebates of 20% are granted to residential and state property owners. Rates are levied on a monthly basis on property owners.

Interest at 12.65% per annum (2009: 12.65%) is levied on outstanding rates.

19.	**SERVICE CHARGES**		
	Sale of electricity	44 345 405	32 486 079
	Sale of water	16 802 426	13 803 942
	Refuse removal	5 820 969	5 181 213
	Sewerage and sanitation charges	7 509 895	6 938 560
		74 478 695	58 409 794
20.	**FINANCE INCOME**		
	Cash and cash equivalents	628 405	817 725
	External investments	2 614 628	3 689 680
	Arrear consumers debtors	1 972 336	1 419 562
		5 215 369	5 926 967

		2010 R	2009 R
21.	**GOVERNMENT SUBSIDIES & GRANTS**		
	Operating Grants	29 196 633	29 261 436
	Equitable share	30 918 267	27 426 349
	Finance management Grant	1 972 222	1 010 786
	Municipal Systems improvement Grant	642 495	624 486
	Other	573 649	-
	Capital Grants	22 540 108	25 788 941
	Municipal Infrastructural Grant	22 540 108	21 776 941
	DME	-	4 012 000
	Total Government Grants & Subsidies	81 648 748	55 050 371
21.1	***Equitable Share***		
	In terms of the Constitution, this is an unconditional grant used to subsidise the provision of basic services to indigent community members.		
21.2	***Finance Management Grant***		
	Balance unspent at beginning of year	580 091	295 950
	Current year receipts	2 750 000	1 294 936
	Conditions met – transferred to revenue	(1 972 222)	(1 010 786)
	Unspent amount transferred to liabilities	1 357 869	580 091
	(see note 14)		
	The grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met. No funds have been withheld.		
21.3	***Municipal Systems Improvement Grant***		
	Balance unspent at beginning of year	119 514	-
	Current year receipts	735 000	735 000
	Conditions met – transferred to revenue	(642 495)	(624 486)
	Unspent amount transferred to liabilities	263 819	110 514
	(see note 14)		
	The purpose of the grant is for institutional systems. No funds were withheld or delayed.		
21.4	***Other***		
	Department of Water Affairs	529 570	-
	Makutsane water supply	44 078	-
	Conditions met – transferred to revenue	(573 649)	-
		-	-
21.5	***Municipal Infrastructure Grant (MIG)***	-	-
	Balance unspent at beginning of year	28 236 000	21 776 941
	Current year receipts	(22 540 108)	(21 776 941)
	Conditions met – transferred to revenue	5 695 892	-
	Unspent amount transferred to liabilities		
	(see note 14)		
	The grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The conditions of the grant were met.No funds have been withheld.		

		2010 R	2009 R
21.	GOVERNMENT SUBSIDIES & GRANTS (cont)		
21.6	DME		
	Balance unspent at beginning of year	1 822 535	1 822 535
	Current year receipts	-	4 012 000
	Conditions met - transferred to revenue	-	(4 012 000)
	Unspent amount transferred to liabilities	1 822 535	1 822 535
	(see note 14)		
	The grant was unspent.		
21.7	**Changes in levels of government grants**		
	Based on the allocations set out in the Division of Revenue Act, (Act 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
22.	PUBLIC CONTRIBUTIONS, DONATED & CONTRIBUTED PROPERTY, PLANT & EQUIPMENT		
	Waterberg District Municipality	-	65 856
		-	65 856
23.	OTHER REVENUE		
	Fire fighting	485 477	117 606
	Connection and reconnection fees	545 220	631 267
	Cemetery fees	133 356	121 612
	Sundry	982 927	900 386
	Total Other Income	2 146 980	1 770 871
24.	EMPLOYEE RELATED COSTS		
	Employee related cost - Salaries and wages	31 947 901	30 497 942
	Employee related cost - Social contributions	6 931 897	6 325 667
	Travel, motor car, accommodation & other allowances	2 175 532	2 133 248
	Housing benefits and allowances	663 246	189 835
	Overtime benefits	1 774 036	1 654 635
	Leave provision	780 723.94	769 000
		44 373 336	41 518 326
	There were no advances paid to employees.		
	Municipal Manager		
	Annual remuneration	-	523 180
	Allowances	-	127 889
	Council Contributions	-	109 214
		-	760 283
	The position was vacant during the year.		

		2010 R	2009 R
34.	**EMPLOYEE RELATED COSTS (cont)**		
	Chief Financial Officer		
	Annual remuneration	-	465 450
	Allowances	-	116 000
	Council Contributions	-	1 535
		-	582 985
	The position was vacant during the year.		

Remuneration of Individual Managers **30 June 2010**	Technical Services	Corporate Services	Social Services
Annual remuneration	327 241	342 257	339 018
Allowances	168 936	276 113	128 954
Council Contributions	79 196	77 156	114 344
	575 373	695 526	582 316

The Manager Corporate Services acted in the position of Municipal Manager. During this period he received an acting allowance amounting to R151 215.

Remuneration of Individual Managers **30 June 2009**	Technical Services	Corporate Services	Social Services
Annual remuneration	322 494	357 374	338 993
Allowances	111 687	273 810	116 092
Council Contributions	72 688	83 747	96 218
	506 869	714 931	551 303

No performance bonuses were paid out in terms of Section 57 of the Municipal Systems Act.

35.	**REMUNERATION OF COUNCILLORS**		
	Mayor	563 479	506 127
	Speaker	456 468	418 244
	Executive Committee members	477 507	435 843
	Councillors	2 420 202	1 809 032
		3 917 656	3 167 248

The Mayor, Speaker and Chief Whip are full time. Each is provided with an office and secretarial support at the cost of Council.

The Mayor has use of a Council owned vehicle for official duties.

36.	**DEPRECIATION AND AMORTISATION EXPENSE**		
	Property, plant and equipment	9 296 382	3 600 076
	Intangible assets	52 201	-
		9 348 583	3 600 076

		2010 R	2009 R
27.	**FINANCE COST**		
	Borrowings	456 677	582 917
	Finance leases	64 206	143 611
	Provisions	1 016 266	
		1 537 143	726 528
28.	**BULK PURCHASES**		
	Electricity	33 651 593	22 714 162
	Water	4 492 576	3 665 453
		38 144 170	26 379 615
29.	**GENERAL EXPENSES**		
	Included in general expenses is the following :		
	Advertising	241 454	236 018
	Arts & Culture	511 189	
	Audit fees	1 314 163	1 294 095
	Bank charges	682 373	620 341
	Bursaries	205 677	488 942
	Chemicals	917 845	
	Conferences and delegations	97 962	46 974
	Continous medical aid membership	668 429	
	Entertainment	47 031	204 361
	Financial training	542 805	
	Indigent expenditure	3 733 600	2 133 668
	Insurance	1 670 731	1 567 102
	Legal expenses	3 888 958	1 144 576
	Membership fees	281 305	389 817
	Postage	-	142 269
	Printing and stationery	672 114	544 610
	Professional fees	727 229	72 526
	Programming	568 388	503 704
	Rental of office equipment	784 380	254 474
	Security costs	3 049 710	2 196 352
	Subscription & publication	215 003	319 618
	Telephone & cellphone costs	1 402 179	1 199 563
	Training	68 324	315 500
	Travel and subsistence	698 559	501 925
	Twinning	642 495	
	Upgrade Eskom substation	8 084 668	
	Valuation costs	45 976	282 212
	Vehicle costs	1 721 331	1 347 860
	Other	4 118 441	8 316 449
		37 962 975	24 931 973
30.	**GAIN/(LOSS) ON DISPOSAL OF ASSETS**		
	Property, plant and equipment	283 873	3 855 199

		2010 R	2009 R
31.	**GAIN/(LOSS) ON FAIR VALUE ADJUSTMENT**		
	Property, plant and equipment		79 774 348
	The municipality is in the process of unbundling its assets. The fair value adjustment for the current refers to land and buildings that were not previously recognised as property, plant and equipment.		
32.	**CORRECTION OF PRIOR PERIOD ERRORS**		
	Revenue and consumer debtors Property rates was incorrectly charged in the prior year and was corrected.		
	Salaries, general expenditure and Trade and other payables Performance bonus, salaries to temporary workers and general expenditure was incorrectly accounted for in the prior year and was corrected.		
	Gain on Fair Value of Assets The gain on fair value of assets was incorrectly recorded as a revaluation.		
	The correction of errors resulted in the comparative amounts been restated as follows:		
	Statement of Financial Position		
	Decrease in Consumer debtors		(635 353)
	Decrease in Trade and other payables		202 464
	Decrease in Net Assets		432 889
	Statement of Financial Performance		
	Increase in gain/(loss) on fair value adjustment		40 060 462
	Decrease in Property rates		(635 353)
	Decrease in Employee related costs		176 566
	Decrease in General expenditure		25 806
	Increase in Net surplus for the year		39 635 573
33.	**CHANGE IN ACCOUNTING POLICY**		
	During the year ended 30 June 2009, the municipality identified and valued land and buildings owned by the municipality.		
	The comparative amount has been restated as follows:		
	Increase in gain on fair value adjustment		39 710 878
	Increase in net surplus for the year		39 710 878
	Increase in Property, Plant and Equipment		39 710 878
	Increase in Net Assets		39 710 878

		2010 R	2009 R
34.	**CASH GENERATED FROM/(UTILISED IN) OPERATIONS**		
	Net surplus for the year	6 791 088	22 628 961
	Adjustment for:		
	Prior year adjustments		9 387 360
	Depreciation charges	9 348 583	9 047 219
	Loss on disposal of assets	253 973	3 535 199
	Contribution non current provision	1 016 269	
	Fair value adjustment	-	
	Finance income	(5 215 260)	(5 926 967)
	Finance costs	540 883	726 528
	Operating surplus before working capital changes	**12 735 538**	**39 398 332**
	(Increase)/Decrease in inventories	1 486 089)	(407 352)
	(Increase)/decrease in consumer debtors	1 227 346	(5 455 978)
	(Increase)/decrease in other receivables	738 181	1 256 473
	(Increase)/decrease in VAT receivable	2 732 632	
	Increase/(decrease) in conditional grants	6 564 344	394 655
	Increase/(decrease) in trade payables and other payables	2 295 518	(11 639 524)
	Increase/(decrease) in consumer deposits	122 865	95 127
	Net cash from operating activities	**25 009 434**	**23 942 233**

35.	**ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003**		
35.1	**Contribution to SALGA**		
	Council membership fees payable	231 726	399 817
	Amount paid current year	(231 726)	(399 817)
		-	-
35.2	**Audit Fees**		
	Current year audit fee	1 314 163	1 294 095
	Amount paid current year	(1 314 163)	(1 294 095)
		-	-
35.3	**VAT**		
	VAT is payable on the cash basis. VAT input receivables and VAT output receivable are shown in notes 7. All VAT returns have been submitted by the due date throughout the year		
35.4	**PAYE & UIF**		
	Current payroll deductions	3 777 113	3 794 951
	Amount paid current year	(3 777 113)	(3 794 951)
		-	-
35.5	**Pension and Medical Aid Deductions**		
	Current payroll deductions	9 812 456	9 602 085
	Amount paid current year	(9 812 456)	(9 602 085)
		-	-

		2010 R	2009 R
35.	**ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003**		
35.6	**Distribution losses** The distribution losses was as follows for the year under review: Water distribution loss - 20.4% Electricity distribution loss - 26.8%		
36.	**COUNCILLOR'S ARREAR CONSUMER ACCOUNTS**		
	The following councillors were in arrears with their municipal accounts at 30 June 2010:		
	Councillor MJ Maichao	-	10 417
	Councillor S A Setlolo	834	821
	Councillor RR Molekoa	1 848	1 137
	Councillor S D Setlalebala	-	2 570
	Councillor L G Tschanda	507	3 722
	Counciller SF Kobe	2 215	7 456
	Councillor M S Motshegoa	34	-
		5 438	26 123
37.	**COMMITMENTS**		
	Commitments in respect of capital expenditure:		
	Approved and contracted for	5 849 614	5 161 109
	The expenditure will be financed from:		
	- Government Grants	5 849 614	5 161 109
38.	**DEVIATIONS FROM SUPPLY CHAIN** Refer to Appendix F for details relating to deviation from supply chain processes.		
39.	**CONTINGENT LIABILITIES**		
39.1	**Pro Active Regional & Town Planning** Land donated from Waterberg District Municipality and they are liable for township establishment costs. Modimolle appointed the town planners to establish the township. There is a dispute as to who is liable for the invoice. The town planner is holding Modimolle responsible. The claim under dispute amounts to R729 600.		
39.2	**Erf 516 Phagameng - Mr Kemp** Municipality deducted money from Mr Kemp's salary and paid over to Nedbank the housing instalments. Nedbon sold his house claiming non-payment of instalments. The municipality has declared a dispute with Nedbank while building a house for Mr Kemp.		

		2010 R	2009 R
40.	**CONTINGENT ASSETS**		
40.1	**Nedbank**		
	The municipality has declared a dispute with Nedbank for Mr Kemp's house that was attached due to non-payment of housing instalments.		
41.	**IN-KIND DONATIONS AND ASSISTANCE**		
	An adviser from National Treasury was placed at the municipality for a period of 18 months which ended in June 2010.		
42.	**COMPARISON WITH THE BUDGET**		
	The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexure E(1) and E(2).		
	Operating Revenue: Budget		106 871 464
	Actual		159 369 370
	Operating Expenditure: Budget		159 357 923
	Actual		152 588 282
	Operating Income: Budget		34 608 014
	Actual		25 563 180
43.	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**		
43.1	**Fruitless and wasteful expenditure**		
	Reconciliation of fruitless and wasteful expenditure		
	Opening balance		
	Fruitless and wasteful expenditure current year		3 311 388
	Condoned or written off by Council		
	Fruitless and wasteful expenditure awaiting condonement		3 311 388
	The fruitless and wasteful expenditure incurred related to interest and penalties for the late payment of VAT and the construction of a reservoir in Makoshong.		
43.2	**Unauthorised expenditure**		
	Reconciliation of unauthorised expenditure		
	Opening balance		
	Unauthorised expenditure current year		9 038 658
	Condoned or written off by Council		
	Unauthorised expenditure awaiting condonement		9 038 658
	The unauthorised expenditure incurred related to the over expenditure on the budget.		

		2010 R	2009 R
43.	**UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (cont)**		
43.3	**Irregular expenditure**		
	Reconciliation of irregular expenditure		
	Opening balance	-	
	Irregular expenditure current year	1 249 168	
	Condoned or written off by Council	-	
	Irregular expenditure awaiting condonement	1 249 168	
	Irregular expenditure amounting to R1 249 168 relates to deviations from SCM processes.		
44.	**RELATED PARTY DISCLOSURES**		
	Transactions during the year with key management personnel		
	Remuneration		
	Section 57 Managers	1 893 219	3 116 371
	Details of loans and advances		
	The MFMA prohibits the granting of loans and advances to officials.		

MOOIMOLLE LOCAL MUNICIPALITY

APPENDIX A

SCHEDULE OF INTEREST BEARING BORROWINGS AS AT 30 JUNE 2010

External Loans	Loan No.	Redeema ble	Balance at 30 June 2009	Interest paid during the period	Received during the period	Redeemed or written off during the period	Balance at 30 June 2010
			R	R	R	R	R
LONG TERM LOANS							
Development Bank of Southern Africa	11191/1	2014	529 177	83 964	-	74 662	450 515
Development Bank of Southern Africa	LN10467	2017	1 676 511	198 006	-	122 531	1 553 980
Development Bank of Southern Africa	NP13537	2020	1 587 996	148 267	-	147 720	1 440 276
Development Bank of Southern Africa	LN14008/1	2011	303 750	26 032	-	121 500	182 250
Development Bank of Southern Africa	12647	2009	4 093	407	-	4 093	-
Total External Loans			4 097 527	456 677	-	470 506	3 627 021

MODIMOLLE LOCAL MUNICIPALITY

APPENDIX B

ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2019

	HISTORICAL COST						ACCUMULATED DEPRECIATION				
	R	R	R	R	R	R	R	R	R	R	R
INFRASTRUCTURE	137 975 913	3 048 909	39 478 515		13 936	180 582 582	8 769 497	5 536 596	1 942	16 304 633	164 278 968
Roads, pavements, bridges & storm water	16 787 421	1 910 854	13 553 967			32 737 220	247 640	1 042 270	-	1 287 911	35 340 311
Water reservoirs & reticulation	83 395 289	930 055	2 344 340			48 669 741	4 797 117	2 193 512	-	6 990 629	39 527 913
Electricity reticulation	31 814 207	278 730			13 936	32 091 121	1 936 699	2 029 899	1 942	3 968 656	58 515 135
Sewerage purification & reticulation	31 809 797	939 639	8 579 208			37 952 435	2 446 041	1 969 675	-	5 715 716	34 276 671
Refuse sites	2 923 457	-				2 923 457	292 676	97 455	-	390 666	2 533 457
Other	676 172	249 630				865 772	147 917	103 345	-	279 262	585 510
COMMUNITY ASSETS	78 977 536	448 227	-	(568 000)	-	79 535 867	762 348	1 628 891	-	1 779 540	69 647 627
Buildings	45 472 856	448 227				45 921 196	36 594	1 307 160	-	1 396 726	30 686 452
Land	22 936 680			(568 000)		22 536 680					22 535 680
Cemetery	522 500					522 500	56 804	20 755	-	76 726	542 841
Recreational facilities	7 289 521	-				7 289 521	54 640	244 996	-	357 702	6 963 229
OTHER ASSETS	3 837 231	1 280 998	-	-	573 135	5 244 823	4 987 113	1 133 336	338 199	4 919 298	3 334 362
Other motor vehicles	1 967 312	556 834			120 340	2 433 327	827 757	373 897	72 278	1 235 142	1 198 414
Plant & equipment	801 747	504 853			111 245	1 275 355	359 546	133 171	52 649	427 516	891 838
Office equipment	2 975 366	219 109			185 460	3 329 917	2 132 430	492 137	160 899	2 993 401	505 346
Bulk Refuse Containers	260 000				-	260 000	104 800	52 000	-	156 800	103 140
Emergency Equipment	750				-	750	150	97	-	250	500
Furniture Fittings	1 452 346				116 070	1 341 976	379 916	181 284	84 374	726 910	615 066
TOTAL	230 489 574	4 778 084	39 478 515	(568 000)	586 071	268 964 111	14 526 958	8 298 582	332 597	23 962 153	236 568 638

MODIMOLLE LOCAL MUNICIPALITY

APPENDIX C

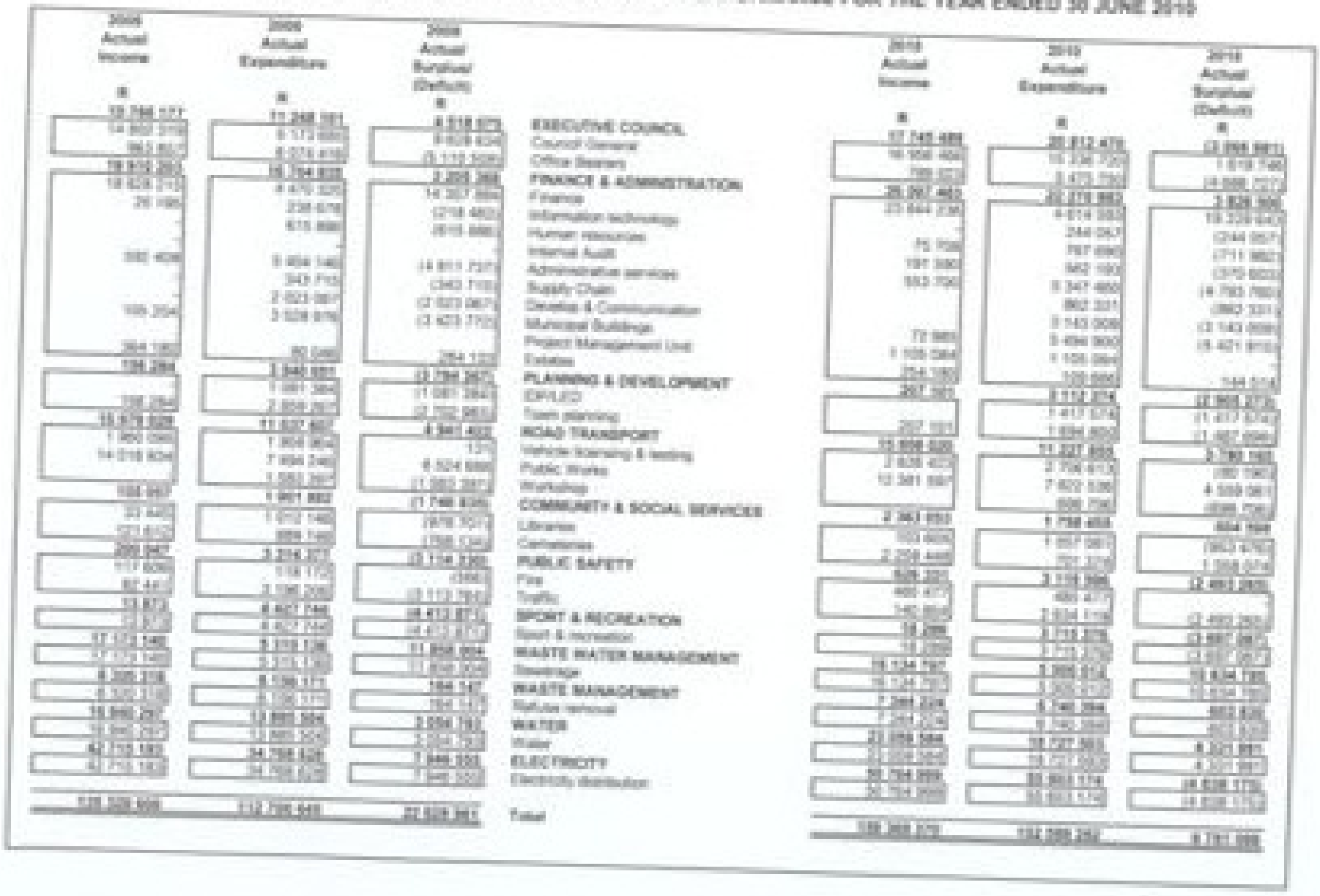
SEGMENTAL ANALYSIS OF PROPERTY, PLANT & EQUIPMENT AS AT 30 JUNE 2018

	HISTORICAL COST						ACCUMULATED DEPRECIATION				
	R	R			R	R	R	R	R	R	R
EXECUTIVE COUNCIL	17 670 089	999 791	-	-	3 560	17 666 771	3 559 999	999 649	2 321	3 562 969	14 053 874
Council General	17 670 089	999 791			3 560	17 666 771	3 559 999	999 649	2 321	3 562 969	14 053 874
Office Bearers											
FINANCE & ADMINISTRATION	56 791 195	196 203	-	1 500 000	183 836	54 274 305	1 799 202	1 198 234	196 626	3 261 868	50 954 399
Finance	891 845	36 271			31 861	827 301	831 969	80 152	17 623	874 679	52 622
Human resources	76 000				31 295	48 705	42 636	9 034	10 969	33 977	15 028
Administrative services	3 244 170	60 737			127 163	3 023 304	1 312 696	444 650	159 467	1 891 696	1 472 164
Clerical & communication	63 261				4 340	58 921	41 676	5 696	4 240	43 120	15 801
Internal Audit		17 479				17 479		5 764		5 764	11 664
Supply Chain Unit		11 132				11 132		3 292		3 292	7 839
Municipal Buildings	52 515 739	69 281		1 500 000	6 964	54 189 364	15 836	1 162 407	2 811	1 255 964	48 418 347
PLANNING & DEVELOPMENT	337 498	-	-	-	15 841	321 657	299 858	36 801	13 727	277 659	43 998
DPLGD											
Town planning	337 498				15 841	321 657	299 858	36 801	13 727	277 659	43 998
ROAD TRANSPORT	35 876 019	2 347 140	12 053 367		312 972	50 964 553	842 208	1 258 663	74 897	2 175 768	32 688 921
Vehicle licensing & testing											
Public Works	35 566 277	2 347 140	12 053 367		312 336	50 755 548	802 751	1 243 443	70 714	1 824 910	32 823 536
Workshop	310 241				634	308 907	179 425	95 240	144	274 527	72 380
COMMUNITY & SOCIAL SERVICES	284 431	549 695	-	-	4 133	829 959	93 918	72 569	5 897	84 891	745 026
Libraries	55 431				4 133	51 297	34 456	8 742	1 697	44 894	6 403
Cemeteries	229 000	549 695				778 695	59 462	63 827	4 200	39 997	738 698
PUBLIC SAFETY	4 124 559	29 453	-	-	80 139	4 083 872	486 507	276 884	48 287	809 624	3 143 269
Fire											
Traffic	4 124 559	29 453			80 139	4 083 872	486 507	276 884	48 287	809 624	3 143 269
SPORT & RECREATION	13 668 776	-	-	-	40 617	13 619 159	333 169	211 836	26 679	617 524	13 001 635
Sport & recreation	13 668 776				40 617	13 619 159	333 169	211 836	26 679	617 524	13 001 635
WASTE WATER MANAGEMENT	18 278 113	999 636	4 976 936		3 848	24 833 861	875 462	814 280	3 499	1 690 964	23 143 038
Sewerage	18 278 113	999 636	4 976 936		3 848	24 833 861	875 462	814 280	3 499	1 690 964	23 143 038
WASTE MANAGEMENT	382 559	68 605	-	-	-	451 164	108 714	77 270	-	185 984	265 180
Refuse removal	382 559	68 605				451 164	108 714	77 270		185 984	265 180
WATER	43 673 276	309 000	2 344 342		33 249	46 293 369	4 955 788	3 334 836	8 136	7 967 429	38 326 060
Water	43 673 276	309 000	2 344 342		33 249	46 293 369	4 955 788	3 334 836	8 136	7 967 429	38 326 060
ELECTRICITY	92 109 115	347 664	-	-	9 787	92 437 912	1 116 348	2 078 441	5 865	2 791 622	89 646 291
Electricity distribution	92 109 115	347 664			9 787	92 437 912	1 116 348	2 078 441	5 865	2 791 622	89 646 291
TOTAL	333 483 274	6 118 283	35 476 910	(500 000)	688 576	359 858 113	14 609 868	9 286 360	333 997	23 903 133	336 660 858

MODIMOLLE LOCAL MUNICIPALITY

APPENDIX D

DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019



2009 Actual Income	2009 Actual Expenditure	2009 Actual Surplus/ (Deficit)		2018 Actual Income	2018 Actual Expenditure	2019 Actual Surplus/ (Deficit)
R	R	R		R	R	R
			EXECUTIVE COUNCIL			
			Council General			
			Office Bearers			
			FINANCE & ADMINISTRATION			
			Finance			
			Information technology			
			Human resources			
			Internal Audit			
			Administrative services			
			Supply Chain			
			Develop & Communication			
			Municipal Buildings			
			Project Management Unit			
			Estates			
			PLANNING & DEVELOPMENT			
			GIS/LED			
			Town planning			
			ROAD TRANSPORT			
			Vehicle licensing & testing			
			Public Works			
			Workshop			
			COMMUNITY & SOCIAL SERVICES			
			Libraries			
			Cemeteries			
			PUBLIC SAFETY			
			Fire			
			Traffic			
			SPORT & RECREATION			
			Sport & recreation			
			WASTE WATER MANAGEMENT			
			Sewerage			
			WASTE MANAGEMENT			
			Refuse removal			
			WATER			
			Water			
			ELECTRICITY			
			Electricity distribution			
			Total			

MOOMMOLLE LOCAL MUNICIPALITY

APPENDIX E (1)

ACTUAL OPERATING VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2019

	2019 Actual R	2019 Budget R	2019 Variance R	2019 Variance %	Explanations of significant variances greater than 10% versus budget
REVENUE					
Property rates	12 907 381	12 200 690	706 691	5.79	
Service charges	74 478 685	73 849 856	628 829	0.85	
Rental of facilities and equipment	203 935	180 160	23 775	13.20	
Finance income	5 215 390	4 580 000	635 390	13.87	Surplus funds invested
Fines	143 962	92 800	51 162	55.13	Intensified traffic management operations
Revenue for agency services	2 626 423	2 700 000	(73 577)	(2.73)	
Government grants & subsidies – operating	39 109 633	40 093 606	(986 973)	(2.46)	
Government grants & subsidies – capital	32 640 108	39 963 214	(7 423 106)	(24.77)	
Public contributions, donated and contributed property, plant and equipment	-	-	-		
Other revenue	2 146 980	3 311 136	(1 164 156)		
Total Revenue	169 369 371	180 971 464	(7 602 094)	(4.55)	
EXPENDITURE					
Employee related costs	44 273 335	45 664 460	(1 391 125)	(3.05)	
Remuneration of councillors	3 917 656	3 903 874	13 782	0.35	
Bad debts	10 901 629	3 000 000	7 901 629	263.39	Assessment made for each debtor
Collection costs	-	60 000	(60 000)	(100.00)	
Depreciation	9 348 583	6 584 460	2 764 123		
Repairs & maintenance	6 529 718	6 340 712	189 006	2.98	
Finance costs	1 557 143	1 089 985	467 158		
Bulk purchases	38 144 170	36 950 000	1 194 170	3.23	
General expenses	37 662 076	55 764 432	(18 102 357)	(32.46)	
Loss on disposal of assets	253 973				
Total Expenditure	152 988 282	159 357 923	(7 542 914)	(4.81)	
NET SURPLUS/(DEFICIT) FOR THE YEAR	6 781 088	7 613 541	(879 479)		

WOODMOLLE LOCAL MUNICIPALITY
APPENDIX E (2)
ACTUAL CAPITAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT)
FOR THE YEAR ENDED 30 JUNE 2010

	2010 Actual R	2010 Budget R	2010 Variance R	2010 Variance %	Explanations of significant variances greater than 5% versus budget
EXECUTIVE COUNCIL	857 173	726 726			
Council General					
Office Bearers	857 173	726 726	(140 526)	(20.48)	
FINANCE & ADMINISTRATION	947 391	1 747 299			
Finance	167 224	252 500	(84 776)	(33.81)	
Information technology	13 630	16 000	(367)	(2.67)	
Human resources					
Administrative services					
Internal Audit					
Supply Chain					
Clerical & communication	293 834	332 000	(1126 166)	(38.66)	
Municipal buildings	4 140	4 200	(54)	(1.31)	
PLANNING & DEVELOPMENT	112 485	1 112 000	(1 002 503)	(89.61)	
CIPLED	56 736	86 000			
Town planning	56 736	80 000	(9 264)	(10.46)	
ROAD TRANSPORT	12 387 621	17 602 200			
Vehicle licensing & testing					
Public Works	12 387 621	17 602 200	(4 834 569)	(27.88)	
Mechanical					
COMMUNITY & SOCIAL SERVICES	2 126 097	2 500 000			
Libraries					
Cemeteries	2 126 097	2 500 000	(373 903)	(14.96)	
PUBLIC SAFETY					
Fire					
Traffic					
SPORT & RECREATION	429 000	582 000			
Sport & recreation	429 000	582 000	(153 410)	(26.46)	
WASTE WATER MANAGEMENT	5 397 638	8 617 238			
Sewerage	5 397 638	8 617 238	(3 219 600)	(35.79)	
WASTE MANAGEMENT	98 000	100 000			
Refuse removal	98 000	100 000	(1 400)	(1.40)	
WATER	2 944 341	1 859 000			
Water distribution	2 944 341	1 859 000	784 341	42.94	
ELECTRICITY	353 253	1 468 876			
Electricity distribution	353 253	1 468 876	(1 167 623)	(79.83)	
TOTAL	26 163 189	34 909 814	(8 644 624)	(26.14)	

MODIMOLLE LOCAL MUNICIPALITY

APPENDIX F

DEVIATION FROM SUPPLY CHAIN PROCESSES

SUPPLY CHAIN MANAGEMENT REGULATION 36(2) FOR THE YEAR ENDED 30 JUNE 2010

DATE	DEPARTMENT	SUPPLIER	AMOUNT	REASON FOR DEVIATION
2010/02/02	Corporate Services	Arabee 121 CC	18% on Income	Council approved resolution 8450/12/2009
2010/03/03	Corporate Services	Volvo Midrand	R 356 094.01	Mayor's car purchased through quotation
2010/03/04	Arts, Sports and Culture	NTX Limpopo	R 210 000.00	Had to be ordered and delivered before 30 June 2010
2010/03/09	PMU Office	Ngwako Consulting	R 420 218.72	Ngwako scored the highest points
2010/03/10	PMU Office	Chetnad Consulting Engineer	R 1 120 000.00	BKS Consulting have not completed WWTW project a disputes not yet resolved
2010/03/16	PMU Office	Mbembuka Scott Wilson Engineers	R 2 011 461.20	The adjudication committee did not consider the profile. T fee charged by Mbumba is below rates as per the January 20 Gazette. Therefore they will not be in a position to perfo satisfactorily.
2010/03/11	Water and Sanitation	Stander Pomps	R 22 710.00	Borehole not working. People do not have water
2010/03/18	PMU Office	Combo and Dy Pesos	R 128 967.50	30 at 10 Bulk sewer connection
2010/03/23	Water and Sanitation	Mbudhu Properties CC	R 12 604.00	Could not get 3 quotes due to December holidays
2010/03/23	PMU Office	SML Projects	R 433 704.52	End user requested quotation for themselves
2010/03/24	Social Services	Blue Sands Trading 437	R 279 482.40	Fast track the project
2010/03/25	Water and Sanitation	Stander Pomps	R 16 587.00	Motor burnt due to power surge which led to water shortages Mabatlane
2010/03/30	Water and Sanitation	Kago Consulting	R 297 758.89	Project had to be finalised before 30 June 2010
2010/04/07	Social Services	Mamiala Trading 104 CC	R 248 394.60	Project had to be finalised before 30 June 2010
2010/04/09	Public Works	Waterberg Grondverskuiwing	R 36 000.00	Unforeseen and unavoidable expenditure
2010/04/30	Electrical	Actom	R 198 840.30	Unforeseen and unavoidable expenditure
2010/05/17	Water and Sanitation	Geovaater Applications CC	R 8 299.20	Monitoring of borehole water
2010/05/23	Public Works	Bi-Sided Wallard	R 138 373.20	Project had to be finalised before 30 June 2010
2010/06/02	Budget and Reporting	Makunga Tax Consultants	15% of VAT recovered	Recovery of VAT